

OFFICIAL STATEMENT



TRI-CITY HOSPITAL AUTHORITY

San Diego County, California

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Local finance
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STUDIES LIBRARY
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JAN 20 1977

UNIVERSITY OF CALIFORNIA

\$8,500,000

Lease-Revenue Bonds

Bids to be received and opened on behalf of the Authority at 10:00 A.M., Tuesday, February 8, 1977, at the offices of O'Melveny & Myers, Bond Counsel to the Authority, 36th Floor Conference Room, 611 West Sixth Street, Los Angeles, California.



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TRI-CITY HOSPITAL AUTHORITY

San Diego County, California

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Howard Richardson

P. F. Trotta, M.D.

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Donald D. Hitt, *Assistant Administrator/Business and Finance, Authority Controller*

Paul S. Swirsky, *District and Authority Counsel*

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Thomas D. Hamilton, Jr.

Lee Taylor

SPECIAL SERVICES

O'Melveny & Myers, *Los Angeles
Bond Counsel*

Kalionzes & Thompson Architects, *Los Angeles
Architects*

Swinerton & Walberg Co., *San Francisco and Los Angeles
Construction Manager*

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco
Financing Consultant*

United California Bank, *Los Angeles
Trustee and Paying Agent*

(Co-paying Agents in Chicago, Illinois and New York, N.Y. to be named)

THE DATE OF THIS OFFICIAL STATEMENT IS JANUARY 18, 1977

77 00811

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TRI-CITY HOSPITAL AUTHORITY

4002 Vista Way, Oceanside, California
(714) 724-8411

January 18, 1977

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$8,500,000 Tri-City Hospital Authority Lease-Revenue Bonds (the "Bonds"), authorized and issued for the purpose of assisting in the financing of certain additions and improvements at the existing Tri-City Hospital, paying of expenses in connection with issuance, and providing reserve funds as additional security for said Bonds.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Tri-City Hospital Authority with regard to the Lease-Revenue Bonds. (Such firm will receive compensation from the Authority contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, the Joint Powers Agreement, the Hospital Facilities Ground Lease, the Hospital Facilities Sublease, financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Secretary of the Authority for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, accompanies the Official Statement as originally distributed and is available to any prospective bidder on request from said Secretary.

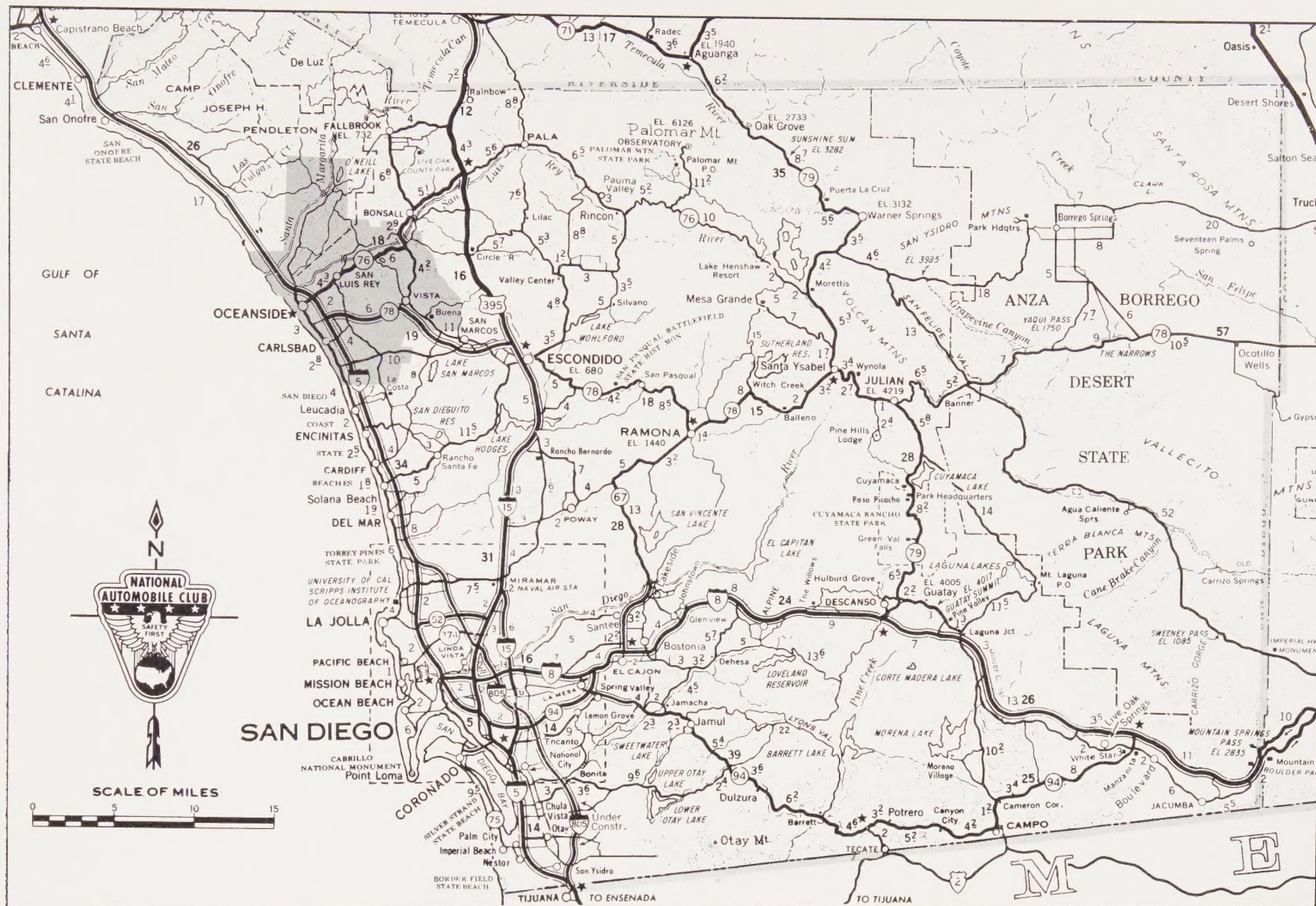
The legal opinion, approving the validity of the Bonds, will be furnished by O'Melveny & Myers, Los Angeles, California, Bond Counsel to the Authority. Bond Counsel's participation in the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions as set forth hereinafter under the caption "The Authority" and "The Bonds".

No dealer, broker, salesman or other person has been authorized by the Authority to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the Authority.

/s/ B. M. CHRISTIANSEN
Chairman

/s/ EUGENE L. GEIL
Secretary



Vicinity map of San Diego County. The approximate boundaries of the Tri-City Hospital District are delineated by the shaded area.

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INTRODUCTION

The Tri-City Hospital Authority was formed under a joint exercise of powers agreement between the Tri-City Hospital District and the County of San Diego (pursuant to the provisions of Section 6500 et seq. of the California Government Code) for the purpose of financing the construction of a 60-bed addition and other improvements to the existing Tri-City Hospital (the "Project"). Financing is to be obtained from the proceeds of the \$8,500,000 principal amount of Hospital Lease-Revenue Bonds described in this official statement, together with interest earnings on invested bond proceeds and approximately \$2,082,000 which will be contributed towards Project costs by the District.

The existing hospital and site will be leased to the Authority by the District, and the Authority will issue its bonds, construct the Project, and lease the site and existing hospital (as improved) back to the District for a term commensurate with the term of the bond issue and at yearly rentals at least sufficient to meet annual bond service. Yearly rental payments by the District are payable from any unrestricted District funds, including its general purpose taxing power and operating revenues. California statutes permit the District to levy ad valorem taxes for general purposes up to a maximum of 20 cents per \$100 assessed valuation against all taxable property within its boundaries. This property tax may be levied to help meet maintenance and operation costs (including rental or lease payments), but the District has historically levied a portion of the permitted tax solely for capital improvements. It is anticipated that the entire tax rate (to the extent needed in any given year) will be available to meet annual rental payments to the Authority.

On the basis of the District's current (1976/77) assessed valuation of \$470,548,935 from which it will derive ad valorem taxes, it is anticipated that the 20 cent tax will generate approximately \$941,000 per year, without allowance for future growth of assessed valuations. Annual District rental payments to the Authority are estimated at about \$732,300, and are scheduled to commence on July 1, 1979. Anticipated funds available for District rental payments are, therefore, approximately 1.28 times estimated rentals. Although any other unrestricted funds of the District may be used to meet such rental payments, including operating income, it is expected that the District's general purpose taxing power will serve as the exclusive source of such payments.

Tri-City Hospital District covers an approximate area of 456 square miles extending inland from the Pacific coastline in the northwestern portion of San Diego County. The District encompasses the incorporated cities of Oceanside, Carlsbad and Vista as well as unincorporated county territory, and serves a present population estimated at 120,000 persons. When formed in 1957, the District contained a population of less than 50,000, which had increased to about 87,500 at the time of the 1970 Census. To meet the health-care needs of this growing population, the District has maintained a continuous program of expansion or improvement since the initial 87-bed facility was opened in 1961. The present 171-bed facility will be expanded to 231 licensed general acute-care beds upon completion of the Project. An indication of increased utilization of the existing Tri-City Hospital since the 1971/72 fiscal year may be gained from the selected statistics presented below (a more comprehensive statistical presentation may be found on page 14 hereof).

	1971/72	1975/76
Admissions	6,494	8,920
Patient days (inpatients)	40,552	57,132
Surgical procedures	3,675	4,686
Average occupancy (%)	78%	91%

As indicated in this official statement, the District has, for at least the last five fiscal years, consistently operated on a self-supporting basis, whereby patient charges have been sufficient to meet total operating costs each year (before depreciation). It has not been necessary to make recourse to the District's general purpose taxing power to meet any such costs of maintenance and operation. It is the intention of the District that the Tri-City Hospital, as improved, will continue to be self-supporting from patient charges (including revenues from third party payors), and that its general purpose taxing power will be fully available, first for rental payments to the Authority, and then for other authorized purposes.

This Introduction does not purport to present the complete provisions of the bonds now being offered, their terms of sale, documents authorizing their issuance and other relevant data. Reference is hereby made to the Official Statement, Notice Inviting Bids, Joint Exercise of Powers Agreement, Ground Lease and Hospital Facilities Sublease, and Resolution No. 2 of the Tri-City Hospital Authority for a complete recitation of such provisions and information. This Introduction is part of the Official Statement and should be read in conjunction therewith.

Certain additional measures have been taken to assure completion of the Project and prompt payment to bondholders, including those summarized below. These and other measures are described in greater detail in following sections of this official statement.

1. A reserve fund initially equal to one-half of maximum annual bond service will be established from bond proceeds and be maintained over the life of the bonds. Following completion of the Project, any interest earnings on the reserve fund will be retained therein until the balance equals maximum annual bond service. The equivalent of an additional reserve will also be created by rental payments made by the District in advance of the time needed for bond service payments.

2. Interest on the bonds will be funded from their proceeds through February 1, 1979, or approximately five months beyond anticipated completion of the Project.

3. Various types of insurance protection will be provided covering such risks as fire and extended coverage (including earthquake), public liability, and rental interruption (in an amount equal to two years rental).

4. The District (as agent for the Authority) has received firm, bonded construction bids from the respective building trades contractors required for the completion of the Project, and expects to award the construction contracts on or about March 1, 1977. The trades contractors will be under the supervision of a construction manager retained by the District, who will be responsible for the performance and scheduling of each such contractor. In accordance with the cumulative performance requirements of the trades contractors, Project completion is scheduled for September 1, 1978.

5. A policy of title insurance will be obtained in the specific amount of the bonds now being offered for sale insuring the District's lease obligation.

THE AUTHORITY

Joint Powers Agreement

The Tri-City Hospital Authority (the "Authority") was created by a Joint Exercise of Powers Agreement between San Diego County (the "County") and the Tri-City Hospital District (the "District") dated September 14, 1976 (the "Agreement"). The Agreement was made under provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California, commencing with Section 6500. A copy of the Agreement is included among the legal documents accompanying this official statement as originally distributed.

The Agreement has a stated term of 50 years from September 14, 1976 or until payment or provision for payment of all Authority lease-revenue bonds has been made, at which time it will terminate automatically.

Organization

The Authority exists and acts as a separate public entity and is governed by a three-member governing board (the "Governing Board"), appointed by the Board of Directors of the Tri-City Hospital District subject to approval of the San Diego County Board of Supervisors. Members of the Governing Board serve for four-year terms, except that one member is initially appointed for a two-year term. The Governing Board elects or reelects a Chairman and may appoint a Vice-Chairman annually. The members of the Governing Board are:

B. M. Christiansen (Carlsbad) who was appointed for a two-year term is a founder of Tri-City Hospital, and has served on the District Board continuously from 1957 until his retirement in December of 1976. Mr. Christiansen is a licensed real estate broker.

Howard Richardson (Oceanside) was appointed for a four-year term, and was formerly a member of the Oceanside City Council and Mayor. He is a general contractor.

P. F. Trotta, M.D. (Vista) is a practicing cardiologist and member of the active medical staff of Tri-City Hospital. Dr. Trotta has been appointed to a four-year term.

The District's attorney, treasurer and controller, respectively, are ex-officio attorney, treasurer and controller of the Authority. The Secretary of the District Board acts as Secretary to the Governing Board of the Authority. With the District's consent, the Authority may appoint other officers, employees, consultants and independent contractors as may be required.

Powers and Purposes

The Authority has the power to acquire the site, the existing hospital and the site for the hospital addition by lease, to acquire, construct, operate and maintain the addition and the existing hospital, to incur debts and obligations which are not debts or obligations of the District or the County, including the issuance of revenue bonds to finance the construction of the hospital addition, and to sue and be sued.

The District will contract for the construction of the addition and other improvements as agent for the Authority and will be reimbursed by the Authority from the proceeds of the revenue bond issue for the costs of construction. The bond proceeds will be held by a trustee (as hereinafter described) and will be disbursed to the District on demand as construction progress payments become due.

Upon termination of the Agreement, all real and personal property (except surplus money) of the Authority will automatically vest in the District.

Hospital Facilities Ground Lease

The site of the proposed hospital addition is owned by the District and consists of the existing Tri-City Hospital and surrounding property.

The District and the Authority will execute and record the proposed Hospital Facilities Ground Lease (the "Ground Lease") prior to the time of the delivery of the bonds described in this official statement. Under the terms of the Ground Lease, the District will lease to the Authority the site then currently owned by the District, and necessary for building construction, as more fully described in exhibits attached to the Ground Lease. Payment for the Ground Lease is \$1 and the Ground Lease will terminate on February 8, 2009, or earlier when

all the Authority's bonds have been fully paid and retired (or when payment in full is provided for). The Authority agrees, upon expiration of the Ground Lease, to surrender the site and that any permanent structures upon the site shall remain and title shall vest in the District, free of any interest of, or further payment to, the Authority.

Hospital Facilities Sublease

Under the proposed Hospital Facilities Sublease (the "Sublease") to be executed and recorded prior to the delivery of bonds described herein, the Authority will sublease the site together with the existing hospital and proposed hospital addition, back to the District. The term of the Sublease will extend from the date of its execution to February 1, 2009, or until payment, or provision for payment, of all the Authority's bonds has been made. The Sublease is scheduled to be adopted by Ordinance of the District on January 25, 1977 and will become effective on February 25, 1977 (its date).

The Sublease provides that the Hospital District will pay the Authority annually in advance a base rental (the "Base Rent" or "Base Rental") sufficient to meet the annual revenue bond principal and interest requirements, and additional rental ("Additional Rent" or "Additional Rental") in annual amounts sufficient to meet other obligations of the Authority, if any, beginning upon completion of the Project or on July 1, 1979 (whichever is later), and each July 1 thereafter until payment (or provision for payment) of all bond interest and principal has been made. It is expected that construction of the hospital addition will be completed by September 1, 1978, or 10 months prior to the first Base Rent payment by the District. Rent payments will be due each July 1, and will be payable without penalty on the next following July 15. The sole responsibility for making payments of Base Rental and Additional Rental rests with the District; the County of San Diego has no obligation to make any such payments.

Actual Base Rent payments will be established after the interest rates on the bonds being offered for sale have been established, and will be sufficient to meet total annual interest and principal payments. For purposes of this official statement, fixed Base Rental payments are estimated at \$732,300 per year, based upon the schedule of estimated annual debt service presented in Table 1 on page 12 hereof.

The District is required to provide for the operation and maintenance of the Project at no expense to the Authority and to pay to the Authority as Additional Rent the amount necessary to cover taxes and assessments, if any, to pay insurance premiums, to meet the operating expenses of the Authority and to maintain a balance of \$2,500 in the Maintenance and Operation Fund, to the extent interest earnings and other income of the Authority are insufficient for these purposes.

The Sublease provides for the maintenance of such insurance as may be required by the District or by the bond indenture of the Authority. In the event of destruction of all or a part of the Project, the Authority may use the insurance proceeds to rebuild the Project or to terminate the Sublease and redeem the bonds (but only with the consent of the District where the proceeds are sufficient to rebuild). During the period of reconstruction, proceeds of rental interruption insurance will be applied to the payment of bond interest and principal for a maximum of two years. The proceeds of any award in the event of condemnation, unless such condemnation will not impair the use of the Project, will be used to redeem the bonds. Any surplus remaining after redemption of the bonds or reconstruction of the Project will be transferred to the District.

A policy of title insurance, to be issued by Safeco Title Insurance Company, San Diego, insuring Tri-City Hospital District's obligation to make rental payments under the Hospital Facilities Sublease, will be provided upon delivery of the bonds. The policy will be in the amount of \$8,500,000 and will be expressly enforceable for the benefit of the bondholders.

THE BONDS

The statements herein concerning the Bonds, the leases and the Resolution are summaries of certain provisions thereof. They make use of definitions, do not purport to be complete, and are qualified in their entirety by reference to said Resolution and leases.

Authority for Issuance

The \$8,500,000 of Tri-City Hospital Authority Lease-Revenue Bonds ("the Bonds"), currently being offered for sale, are to be issued pursuant to a resolution of the Authority adopted January 18, 1977.

The Bonds will be issued under provisions of the Government Code (Article 2, Chapter 5, Division 7, Title 1, Section 6540, et seq.) of the State of California.

Accompanying Documents

The principal documents which accompany this official statement, as originally distributed, include the Notice Inviting Bids and the Basic Legal Documents containing the Agreement, and forms of the Ground Lease and Sublease, and Resolution of the Authority providing for the issuance of the Bonds (the "Resolution" or the "Resolution of Issuance").

Sale of the Bonds

Bids will be received on behalf of the Governing Board of the Authority at 10:00 A.M., Tuesday, February 8, 1977, at the offices of O'Melveny & Myers (Bond Counsel to the Authority), 36th floor conference room, 611 West Sixth Street, Los Angeles, California, and will be reported to such Governing Board at its meeting to be held later the same day. Details as to the terms of sale are included in the Official Notice Inviting Bids approved January 18, 1977.

Description of the Bonds

The \$8,500,000 principal amount of Tri-City Hospital Authority Lease-Revenue Bonds will be dated February 1, 1977, and will be issued in the

denomination of \$5,000 each. The Bonds will be numbered 1 through 1700 and will be payable annually on February 1 of each year in consecutive numerical order as follows:

Year	Principal Amount	Year	Principal Amount
1980 ...	\$130,000	1993 ...	\$320,000
1981 ...	140,000	1994 ...	345,000
1982 ...	150,000	1995 ...	370,000
1983 ...	160,000	1996 ...	400,000
1984 ...	170,000	1997 ...	425,000
1985 ...	185,000	1998 ...	455,000
1986 ...	195,000	1999 ...	495,000
1987 ...	210,000	2000 ...	525,000
1988 ...	225,000	2001 ...	565,000
1989 ...	240,000	2002 ...	605,000
1990 ...	260,000	2003 ...	650,000
1991 ...	280,000	2004 ...	700,000
1992 ...	300,000		

Interest will be payable semiannually on August 1 and February 1 of each year, beginning August 1, 1977. Both principal and interest on the Bonds are payable at the main office of United California Bank (Trust Division), Los Angeles, California, Trustee for the Authority, or at paying agents for the Authority in The City of New York, New York and the City of Chicago, Illinois.

Redemption Provisions

Except as described in a following paragraph, Bonds maturing on or before February 1, 1992, a total principal amount of \$2,645,000, are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing on or after February 1, 1993, a total principal amount of \$5,855,000, are subject to call and redemption, at the option of the Authority, as a whole or in part in inverse order of maturity and by lot within a single maturity on February 1, 1992, or on any interest payment date thereafter, upon payment of a redemption price equal to the principal amount called for redemption with accrued interest to the date of redemption plus a premium of one-fourth of one percent for each year or fraction of a year from the redemption date to the maturity date of the Bonds so called.

The maximum premium payable upon call of the Bonds for redemption on or after February 1, 1992, would be three percent.

In the event of loss of or substantial damage to or condemnation of the Project which renders it unusable, all or any part of the Bonds may be redeemed at any time by payment of the principal amount and accrued interest to the date of redemption, but without premium.

Notice of Redemption

Notice of redemption is to be published in a financial newspaper or financial journal, published in The City of New York, New York. The first publication will be at least 30 days but not more than 60 days prior to the redemption date. The Trustee is required to give written notice to the owners of any fully registered Bonds.

Registration

The Bonds will be issued as coupon Bonds and will be exchangeable for fully registered Bonds, which will be subject to discharge from registration at the option of the holder, subject to such reasonable terms, conditions and charges as provided in the Resolution.

Legal Opinion

The unqualified opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel to the Authority, attesting to the validity of the Bonds, will be supplied free of charge to the original purchaser of the Bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond without charge to the successful bidder.

The statements of law and legal conclusions set forth in this official statement under the heading "The Authority" and "The Bonds" have been reviewed by Bond Counsel. Bond Counsel's employment is limited to a review of the legal proceedings required for the authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation (see section hereof entitled "Tax Exempt Status"). The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds, including this official statement, not mentioned in this paragraph.

Tax Exempt Status

In the opinion of Bond Counsel, interest on the Bonds is exempt from present federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

Eligibility as Security for Public Funds

The Bonds are eligible to secure deposits of public funds in banks in the State of California.

Eligibility for National Banks

A request has been made to the Comptroller of the Currency for a ruling that the Bonds of the Authority are eligible for purchase, dealing in, underwriting and unlimited holding by national banks. An answer is expected prior to the sale date of the Bonds.

Purpose of Issue

The proceeds from the sale of the Bonds will be used to finance construction of an addition and related improvements to the existing Tri-City Hospital located in the City of Oceanside, San Diego County, California, as described in this official statement under the heading, "The Project."

The Trustee

United California Bank, Los Angeles, California, has been appointed Trustee pursuant to the Resolution of Issuance. The Trustee will receive all of the Bond proceeds and will disburse Bond moneys in conformity with the Resolution. In addition to holding and administering the various funds and accounts of the Authority, the Trustee will invest funds held in trust and will be the recipient of all revenues of the Authority. The Trustee will also act as paying agent of the Authority, paying Bond interest and principal. The Trustee will act as Bond registrar and will authenticate all fully registered Bonds.

Creation of Special Funds and Accounts

The Resolution of Issuance provides for establishment of special funds and accounts, all to be held and administered by the Trustee. These funds and accounts, together with their source and uses, are listed on the opposite page.

Fund	Principal Source	Use
Construction Fund (Section 5.01)	Bond Proceeds	Construction, balance to Reserve Fund, if necessary, remaining balance to other funds and accounts as indicated in Resolution.
Revenue Fund (Section 6.01)	District Rental Payments	Transfers to Interest, Principal and other required funds and accounts.
Interest Account (Section 6.01)	Premium and Accrued Interest, Transfers from Revenue Fund	Bond interest.
Principal Account (Section 6.01)	Transfers from Revenue Fund	Bond principal.
Reserve Fund (Section 6.02)	Bond Proceeds and Revenue Fund	Bond principal and interest.
Maintenance and Operation Fund (Section 6.03)	Bond Proceeds, Revenue Fund and Additional Rent	Authority's administrative and miscellaneous expenses.
Redemption Fund (Section 4.04)	Any authorized source	For call of Bonds ahead of maturity.

Security

Bond principal and interest coming due each year are payable from annual Base Rental payments by the Tri-City Hospital District for use of the Project. Under the terms of the Sublease to be dated as of February 25, 1977, the District agrees to pay the Authority an annual fixed Base Rental, which will be sufficient to pay Bond principal and interest, plus Additional Rental in an amount sufficient to meet other necessary expenses of the Authority. The District has agreed to make appropriations in its annual budget for the amount of the Base Rental and Additional Rental. All unrestricted funds of the District, including general purpose property taxes, may be used for payment of said rentals.

Base Rental payments are scheduled to commence on July 1, 1979 (or upon completion of the Project, whichever is later), and will be due on each succeeding July 1 until all Bonds, and the interest thereon, are retired or provided for. The District plans to derive funds for the payment of Base Rent and Additional Rent, if any, from ad valorem taxes. In accordance with statutory provisions, the District is permitted to levy an ad valorem tax of 20 cents per \$100 assessed valuation against all taxable property within the District. On the basis of the current 1976/77 assessed valuation of the District (\$472,934,216, less \$2,385,281 of incremental assessed valuation of a redevelopment project that is not available for the production of taxes to the District, as shown on page 17 hereof), the 20 cent tax will generate approximately \$941,000 per year, or about 1.28 times the estimated annual fixed Base

Rent payment of \$732,300. Any future increases in District assessed valuations will produce corresponding increases in coverage.

Disposition of Bond Proceeds

The Resolution of Issuance provides that the proceeds from the sale of the Bonds shall be deposited with the Trustee. The Trustee will then place the premium and accrued interest (if any) in the Interest Account and the balance of the proceeds in the following funds or accounts.

1. In the Interest Account a sum which, together with the premium and accrued interest, if any, will equal the first two years' interest on the Bonds.
2. In the Reserve Fund an amount equal to one-half the maximum annual debt service.
3. In the Maintenance and Operation Fund an amount of \$2,500 which is to be maintained as working capital.
4. In the Construction Fund the balance.

Upon completion of the Project, the Trustee shall transfer from or hold any remaining balance in the Construction Fund in the following order of priority:

- a. To the Reserve Fund an amount necessary to maintain the balance therein equal to one-half maximum annual debt service.
- b. To either the Interest Account or Principal Account within the Revenue Fund or retain in the Construction Fund, all as provided in the Resolution.

Deposit and Application of Revenues

All revenues of the Authority, as defined in the Resolution, are pledged to the punctual payment of the Bond principal and interest. Such revenues will be immediately deposited with the Trustee who shall credit the moneys to the Revenue Fund. All moneys in the Revenue Fund are to be set aside and deposited in special funds and accounts in the following order of priority and to be withdrawn from said funds and accounts only for the purposes set forth.

1. **Interest Account** — Commencing July 20, 1979, and on each succeeding July 20, the Trustee will deposit a sum sufficient, together with the balance then on hand, to pay the six months' interest becoming due on the next August 1, and February 1, respectively.

2. **Principal Account** — On or before July 20 in each year as long as any Bonds are outstanding, beginning July 20, 1979, the Trustee will deposit an amount equal to the principal amount of Bonds coming due on the next February 1.

3. **Reserve Fund** — Under terms of the Resolution, a bond reserve equal to one-half maximum annual debt service will be created from the proceeds of the sale of the Bonds and be held by the Trustee. The fund can be used solely to pay bond principal and interest as such become due and payable in the event no other funds are available and must be replenished if used; provided, however, that it may be applied toward the retirement of the last outstanding Bonds of the issue. Money in the fund may be invested in authorized investments (as defined in the Resolution), or may be deposited in interest-bearing accounts. Surplus interest obtained by investment or deposit of moneys in the Reserve Fund shall be transferred to the Construction Fund while the Project is being built and, after completion, such interest earnings are to remain in the Reserve Fund until the balance in said Fund is equal to maximum annual debt service. Thereafter, any interest earnings not necessary for such purposes are to be transferred to the Revenue Fund.

The equivalent of an additional reserve is created by the timing of Base Rent payments, which are made more than six months prior to the second semi-annual interest payment and annual principal payment each year.

4. **Maintenance and Operation Fund** — A sum of \$2,500 will be initially deposited into the fund from Bond proceeds, and at least this amount must be maintained as unencumbered working capital.

Moneys in this fund are to be disbursed by the Trustee for payment of such items as taxes or assessments, if any, levied upon the Project, administrative costs of the Authority, Trustee's fees, and insurance premiums. The Authority is required to bill the District on August 1 of each year for Additional Rental becoming due during the fiscal year.

5. **Surplus** — Any moneys in the Revenue Fund on June 30 of each year, on and after June 30, 1980, provided that the moneys are not required for the above purposes or to meet bond service requirements in any succeeding year (based upon the schedule of Base Rent payments and actual debt service requirements, and without allowance for application of the Reserve Fund balance to the final Bond maturities), may be used, at the direction of the Authority, for the purchase or the redemption of Bonds, or for future additions or improvements to the Project, or as a credit against the District's obligation for Base Rental and Additional Rent, or as reimbursement for any rental previously paid.

Additional Bonds

Section 7.14 of the Resolution of Issuance provides that no additional indebtedness evidenced by lease revenue bonds payable out of the revenues, as defined in the Resolution, with a priority over the Bonds currently being offered may be issued. Additional bonds may be issued under a supplemental resolution on a parity with these Bonds subject to the conditions which include the following:

1. The additional bonds must be for the purpose of financing completion of the Project or an addition to the Project and must be determined and declared by the Authority by resolution to be necessary.
2. The Authority must be in compliance with all covenants of the Resolution of Issuance.
3. The additional bonds must be equally and ratably secured.
4. The additional bonds must be serial bonds payable as to principal on February 1, with interest payable on February 1 and August 1 of each year. The additional bonds may not be subject to redemption prior to February 1, 1992, except in the event of condemnation of or damage to the Project.
5. The Authority must enter into a revised Facilities Sublease with the District in which the District obligates itself to increase the Base Rental and Additional Rental under the lease

in amounts sufficient to provide for the payment of the principal of and interest on all outstanding Bonds and the additional bonds when due.

6. Provision must be made to increase the Reserve Fund to an amount equal to at least one-half maximum annual debt service on all Bonds and additional bonds to be outstanding in any one year thereafter, and provision must also be made for the retention of all interest earnings thereon (following completion of construction or additional construction financed with the proceeds of the additional bonds), until the balance in said fund equals maximum annual debt service on all such Bonds and additional bonds.

Refunding Bonds

The Resolution, pursuant to Section 3.06 thereof, also provides for the issuance of refunding bonds for the purpose of redeeming or retiring prior to maturity all or any of the Bonds, subject to the conditions specified in said Section 3.06.

Insurance Provisions

The Authority covenants in the Resolution to maintain or cause to be maintained insurance, if such insurance is available on the open market from reputable insurance companies, or from the United States of America or any agency thereof, including the following:

1. Against loss or damage to the property resulting from fire, lightning, and other perils ordinarily defined as extended coverage in amounts not less than the full insurable value of the properties, as defined in the Resolution, or the amount of the Authority's outstanding bonds, whichever is less, subject to deductible conditions of not to exceed \$10,000 for any one loss; but without provisions for co-insurance by the Authority.
2. Against earthquakes either in an amount not less than the full insurable value of the properties, or in the amount of the Authority's outstanding bonds, whichever is less, with a deductible amount not exceeding \$100,000; but without provisions for co-insurance by the Authority.
3. Against war risks, in an amount not less than 80 percent of the full insurable value.

4. To maintain or cause to be maintained use and occupancy, business interruption or rental income insurance against all of the above perils in an amount of not less than two years' Base Rental and estimated Additional Rental.
5. To maintain or cause to be maintained public liability insurance of not less than \$250,000 per person and \$1,000,000 per any one accident and property damage insurance of at least \$50,000, all subject to deductible conditions not exceeding \$5,000.
6. To maintain or cause to be maintained hospital malpractice insurance of not less than \$50,000 primary coverage and \$9,950,000 excess coverage, with deductible conditions not exceeding \$10,000.
7. To maintain or cause to be maintained, or through self-insurance, worker's compensation insurance for all persons employed in connection with the Project.

If the Project is condemned, or if it is destroyed and the Authority is unable to rebuild it within the period for which rental interruption insurance is provided, the proceeds of the condemnation award or insurance proceeds are to be used for the redemption of the Bonds prior to maturity.

If the Project can be rebuilt within the time for which rental interruption insurance is available, then the Authority must rebuild unless the District agrees instead to use the insurance proceeds for redemption of all outstanding Bonds prior to maturity.

Investment of Funds

The Trustee will keep the funds of the Authority invested or on deposit in such manner as will produce reasonable interest returns in the opinion of the Trustee. All such investments must mature not later than the time the funds will be required.

Certain Covenants of the Authority

The Resolution contains other covenants, including but not limited to the following by which the Authority agrees:

1. To punctually pay the principal and interest on the Bonds as they become due.
2. Not to mortgage, encumber, sell, lease, place a charge on, or otherwise dispose of the Project or the revenues therefrom and not to enter into any agreement which impairs the operation of the Project or otherwise impairs the

rights of the bondholders with respect to the revenues or operation without making adequate provision to protect the rights of bondholders.

3. To construct and complete the Project in conformity with the construction contracts (under the Sublease the Authority agrees to require 100% performance bonds and labor and materialmen's bonds of the contractors or of the District).
4. To pay, discharge, or contest any taxes, assessments or other governmental charges levied upon the Project or the revenues which might impair the security of the Bonds.
5. To keep proper books of records and accounts and to file with the Trustee annually, within 120 days after the end of each fiscal year, detailed independent certified audits covering the operation of the Authority, showing revenues, expenses, insurance in force, and the status of each fund and account established under the Resolution.
6. To maintain or cause to be maintained and to keep in good repair the Project and all buildings and equipment.
7. If for any reason the Authority should operate the Project, to fix, prescribe and collect charges which will be sufficient with all other income of the Authority to pay the principal of and interest on the Bonds as they become due and to pay for all expenses of operation, maintenance and repair of the Project and to maintain the special funds and accounts provided for in the Resolution.
8. To comply with the requirements of section 103(d), Internal Revenue Code of 1954, as amended.

Certificate Concerning Official Statement

At the time of payment for and delivery of the Bonds, the Authority will furnish the successful bidder a certificate, signed by an appropriate officer of the Authority and the District, acting in their official capacity, to the effect that to the best of their knowledge and belief, and after reasonable investigation: (a) Neither the official statement relating to the Bonds nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make

the statements therein, in light of the circumstances in which they were made, not misleading; (b) since the date of the official statement no event has occurred which should have been set forth in an amendment or supplement to the official statement which has not been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation or financial affairs of the District or the Authority since the date of such official statement.

Other Closing Documents

In addition to the opinion of Bond Counsel and the Certificate Concerning Official Statement described above, the Authority will, at the time of delivery of the Bonds, furnish the purchaser the following documents, all to be dated as of the date of delivery:

1. *No-Arbitrage Certificate.* A certificate of responsible officer of the Authority certifying that, on the basis of the facts and circumstances in effect at the time of delivery of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds.

2. *Signature—No Litigation Certificate.* A certificate of the respective officers and representatives of the Authority showing that they have signed the Bonds by manual or facsimile signature, that they were duly authorized to execute the same, and that there is no litigation threatened or pending affecting the validity of the Bonds.

3. *Trustee's Receipt.* The receipt of the Trustee showing that the purchase price of the Bonds, including accrued interest to the date of delivery (if any), has been received by the Authority.

Event of Default—Remedies

The Resolution declares each of the following events to be an event of default:

- (1) Failure to pay the principal on the Bonds when due and payable;

- (2) Failure to pay interest on the Bonds when due and payable;

- (3) Default by the Authority in the performance or observance of any of the covenants, agreements or conditions in the Bonds or in the Resolution if such default continues for sixty (60) days after written notice thereof has been given

to the Authority by the Trustee or by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding;

(4) The assumption by any court of competent jurisdiction, under the provisions of any law for the relief or aid of debtors, of custody or control of the Authority or the whole or any substantial part of its property if such custody or control shall not be terminated or stayed within sixty (60) days from the date of assumption of such custody or control.

In the case of an event of default, the Trustee may, and upon written request of the holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding must, declare the principal of all the Bonds then outstanding and the interest thereon to be due and payable immediately.

In addition, in the case of an event of default, the Trustee may, and upon written request of the holders of not less than a majority in principal amount of the Bonds then outstanding must, proceed to protect or enforce the rights of the bondholders by whatever appropriate judicial proceeding or proceedings the Trustee deems most effectual.

In the event that the Trustee, upon the occurrence of an event of default, shall have taken some action, it shall have the full power, in the exercise of its discretion, to continue, discontinue, withdraw, compromise, settle or otherwise dispose of such action unless, if the event of default is still in existence, and if at the time there has been filed with them the written request signed by the holders of at least a majority in principal amount of the Bonds outstanding opposing such continuance, discontinuance, withdrawal, settlement or other disposal of such litigation, then the Trustee may not discontinue, with-

draw, compromise, settle or otherwise dispose of any litigation, pending at law or in equity.

The Resolution provides that no remedy conferred therein upon the Trustee or the bondholders shall be exclusive of any other remedy, and that each and every remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or thereafter conferred upon the Trustee or bondholders. However, the effect of any such remedies may be limited by the laws of the State of California affecting such remedies and may also be limited by laws governing bankruptcy, insolvency or other matters affecting enforcement of creditors' rights.

Amendment of the Resolution

The Resolution may be modified or amended only with the consent of the holders of 60% of all Bonds then outstanding (exclusive of Bonds owned by the Authority or the District) unless the modification or amendment is for the purpose of curing ambiguities or defects in the Resolution; or grants or confers upon the bondholders additional rights, remedies, powers, authority or security; or provides for the issuance of additional bonds in accordance with the Resolution, in which case no bondholder's consent is required. No modification or amendment of the Resolution shall, however, without the express written consent of the bondholder, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date, reduce the premium payable upon redemption thereof, extend the maturity of the Bonds or the time for paying interest thereon, or reduce the percentage of consent required for amendment or modification of the Resolution.

ESTIMATED ANNUAL BOND SERVICE

Table 1 presents an estimate of annual debt service on the Bonds. Interest is estimated at 7 percent per annum. Average annual debt service at 8 percent per annum, the statutory maximum, would be \$788,300, and property taxes available from the District's 20 cent taxing power in the current fiscal year (approximately \$941,000, as stated in a previous section hereof) would provide a 1.19 times coverage. Average annual debt service at the estimated 7 percent interest rate approximates \$732,300 per year.

Table 1
TRI-CITY HOSPITAL AUTHORITY
\$8,500,000 Lease-Revenue Bonds
Estimated Annual Debt Service

Year Ending Feb. 1	Bonds Outstanding ^①	Interest Estimated @ 7%	Principal Maturing	Total Bond Service
1978	\$8,500,000	\$ 595,000 ^②	\$ —	\$ 595,000
1979	8,500,000	595,000 ^②	—	595,000
1980	8,500,000	595,000	130,000	725,000
1981	8,370,000	585,900	140,000	725,900
1982	8,230,000	576,100	150,000	726,100
1983	8,080,000	565,600	160,000	725,600
1984	7,920,000	554,400	170,000	724,400
1985	7,750,000	542,500	185,000	727,500
1986	7,565,000	529,550	195,000	724,550
1987	7,370,000	515,900	210,000	725,900
1988	7,160,000	501,200	225,000	726,200
1989	6,935,000	485,450	240,000	725,450
1990	6,695,000	468,650	260,000	728,650
1991	6,435,000	450,450	280,000	730,450
1992	6,155,000	430,850	300,000	730,850
1993	5,855,000	409,850	320,000 ^③	729,850
1994	5,535,000	387,450	345,000 ^③	732,450
1995	5,190,000	363,300	370,000 ^③	733,300
1996	4,820,000	337,400	400,000 ^③	737,400
1997	4,420,000	309,400	425,000 ^③	734,400
1998	3,995,000	279,650	455,000 ^③	734,650
1999	3,540,000	247,800	495,000 ^③	742,800
2000	3,045,000	213,150	525,000 ^③	738,150
2001	2,520,000	176,400	565,000 ^③	741,400
2002	1,955,000	136,850	605,000 ^③	741,850
2003	1,350,000	94,500	650,000 ^③	744,500
2004	700,000	49,000	700,000 ^③	749,000
		<u>\$10,996,300</u>	<u>\$8,500,000</u>	<u>\$19,496,300</u>

① Outstanding prior to payment of principal in each year indicated.

② Paid from Bond proceeds.

③ Subject to call and redemption on and after February 1, 1992.

Note: Average life equals 18.48 years.

THE PROJECT

Existing Facilities and History

During the early 1950's a group of residents of the Cities of Oceanside, Carlsbad and Vista in northern San Diego County formed an association to promote the development of a community hospital to serve the residents of the area. Their efforts culminated in an election held on December 10, 1957 within a defined service area, at which formation of the Tri-City Hospital District was approved under the provisions of the Local Hospital District Law (commencing with Section 32000 of the Health and Safety Code of the State of California). Affairs of the District are conducted by a five-member Board of Directors elected at large for four-year alternating terms at elections held every two years. Hospital operations are carried out by an Administrator who is appointed by and responsible to the Board of Directors. The Administrator appoints other staff members with the approval of the Board of Directors. Principal administrative staff members, together with brief biographical data, are as follows:

Jack G. Olpin, Administrator and Executive Director—Mr. Olpin has served in his present capacity since 1973, and has been in hospital administration for 20 years. Prior experience includes service as Administrator of the San Luis Obispo County (California) hospital system and health care services agency, and as a medical administrative officer in the U.S. Air Force Medical Service Corps. He received a Bachelor of Science degree in 1956 from the University of Utah in biological sciences, and a Masters degree in 1961 from the University of California at Berkeley in public health/hospital administration. Mr. Olpin is a Fellow of the American College of Hospital Administrators, and is active in the affairs of the California Hospital Association.

Guy N. Cantrell, Associate Administrator/Plant Operation and Development—Mr. Cantrell has been with the District for 15 years in positions of successive responsibility, and has been in his

present post since 1973. He has 26 years experience in hospital operation, planning and development, with previous service at Pioneer Memorial Hospital in Brawley, California, and at California Lutheran Hospital in Los Angeles. One of his responsibilities under the Administrator is the planning and supervision of hospital construction, which includes the Project described in this official statement. Mr. Cantrell has completed a prescribed course of study in hospital administration through the University of California at Berkeley Extension School.

Donald D. Hitt, Assistant Administrator/Business and Finance—Mr. Hitt joined Tri-City Hospital as Assistant Administrator in 1973, after holding similar positions at Phoenix General Hospital, Flagstaff Community Hospital and Baptist Hospital of Phoenix (all in the State of Arizona). Prior experience was in public accounting and consulting in affiliation with the Baptist Hospital Association of Arizona. His primary responsibilities at Tri-City Hospital include supervision of the business office and finance department. Mr. Hitt will also act as Controller of the Authority, maintaining its financial records. He graduated from Hardin-Simmons University, Abilene, Texas, with a Bachelor of Science Degree in Accounting.

Following completion of the District formation proceedings, voters of the District approved the issuance of \$690,000 of general obligation bonds in August of 1958 for construction of the initial hospital facilities on approximately a 28 acre site in the City of Oceanside. The site has since been enlarged to about 33 acres with the purchase of an adjoining 5.3 acre parcel. Identified as the Tri-City Hospital, as expanded from time-to-time, this health-care facility has been situated in the same location since its original construction. The Hospital is located along State Route No. 78, a four-lane freeway connecting the City of Escondido and Interstate 15, 19 miles to the east, with the Interstate 5 Freeway in Oceanside, four miles to the west. The District encompasses a total area of approximately 456 square miles including all of the Cities of Oceanside, Carlsbad and Vista, as well as a part of the City of San Marcos and extensive unincorporated portions of San Diego County. The District forms a part of Hospital Service Area No. 1113 (as designated by the State of California), and contains a current-estimated population of 120,000 persons. When formed in 1957, the estimated District population was less than 50,000 persons.

The initial Tri-City Hospital was opened in July of 1961 with a total compliment of 87 beds. Financing was provided from proceeds of the \$690,000 District general obligation bond issue (which will be retired on October 1, 1978), and from federal and state matching funds. A second general obligation bond issue was authorized by the electorate in 1967 for expansion of the original facility to its present capacity of 171 beds. Proceeds of these bonds (which will be fully retired on October 1 of 1998) together with other state, federal and District funds, were applied to the construction of an extended care wing, ancillary facilities and a medical service tower. As of June 30, 1976, the total District investment from all sources of funds in hospital property, plant and equipment amounted to \$12,940,582, before allowance for depreciation.

Tri-City Hospital provides extensive medical, surgical, laboratory, radiology, therapy and emergency services. A total of 121 physicians and surgeons and 13 dentists comprise the present active medical staff, with an additional 64 practioners admitted as courtesy staff members. Nursing and other staff members currently exceeds 630 employees. The Hospital is fully accredited by the Joint Commission on Accreditation of Hospitals, and is certified for participation in the Medicare, Medi-Cal and other health-care programs. The District reports the following composition of patients, by source of payment (1975/76).

Sources of Payment	
Medicare	51%
Medi-Cal	14
Other Third Party Pay	30
Private Pay	5
	100%

Selected statistical data pertaining to Hospital operations for the five most recently completed fiscal years, and for the first three months in the 1975/76 and 1976/77 fiscal years (July, August and September), are presented in the following tabulation. It is apparent that most categories of Hospital utilization have shown a marked increase during the indicated period. Occupancy percentages, in particular, indicate that the Hospital is operating at its functional capacity. Average occupancy for the 139 medical/surgical beds over the last two fiscal years has, in fact, exceeded 100 percent. With both functional and actual capacity being exceeded in the major areas of the Hospital operation, the need for the expansion program to be financed with proceeds of the Bonds described in this official statement is evident. The Project described in the following subsection will add 60 licensed beds to the existing complement, and will provide for remodeling and expansion of several supporting areas of the existing Hospital. The proposed expansion, as approved by state regulatory authorities, will alleviate over-crowd-

TRI-CITY HOSPITAL

Patient Statistics

Fiscal Year	1971/72	1972/73	1973/74	1974/75	1975/76	July-September	
						1975	1976
Admissions	6,494	7,217	7,983	8,488	8,920	2,227	2,234
Inpatients (Patient days)	40,552	47,044	53,311	56,900	57,132	14,144	14,710
Cardiopulmonary Procedures	N/A	N/A	40,199	49,127	60,902	10,968	15,815
Emergency Care	10,341	12,497	15,530	19,211	25,260	5,836	7,738
Laboratory Examinations	138,210	162,673	161,676	169,320	189,118	44,559	49,133
Physical Therapy Procedures	15,754	25,263	25,689	24,661	21,234	4,999	6,537
X-Ray Studies	21,018	23,750	25,981	30,904	37,320	8,873	10,425
Births	965	993	1,146	1,117	1,361	363	363
Surgical Procedures	3,675	3,949	4,460	4,618	4,686	N/A	1,135
Average Patient Stay (Days)	6.2	6.5	6.7	6.7	6.4	6.3	6.6
Occupancy (Percentage)	78%	78%	85%	91%	91%	90%	94%

Source: Tri-City Hospital District, Medical Records Department.

ing of the existing facilities and make nominal provision for future increases in patient utilization of the Hospital.

The Improvement Program

Proceeds received from the sale of the Bonds now being offered, together with District contributions and other funds, will be used to construct a 60-bed addition to the existing 171-bed Tri-City Hospital by completing the three top floors of the nursing tower ("shelled-in" during the previous construction program), and by adding a second floor to an existing building. In addition, extensive remodeling will be accomplished in ancillary service and housekeeping areas of the present facility. The new construction and remodeling will provide increased space for nursing care, radiation therapy, cardio-pulmonary treatment, surgery, laboratory facilities, maternity care, emergency room, other miscellaneous medical uses, and such services as administration, housekeeping and central stores areas. Expansion of the existing power plant will meet the needs of the present and future additions to the hospital. Upon completion of construction, the hospital will have 231 general acute-care beds, licensed and in use.

New construction will be Type I and Type III reinforced concrete and masonry structures containing 62,824 square feet of floor area. Completion of the existing nursing tower and the remodeling of other areas will provide 53,237 square feet of usable floor area, bringing the total size of the hospital to 233,824 square feet.

Plans and specifications have been reviewed and approved by all involved regulatory agencies, including the City of Oceanside (construction permit) and the State of California under provisions of the "Seismic Safety Act" (Sections 1500 et seq. of the California Health and Safety Code). The increased bed capacity has been approved by the Comprehensive Health Planning Association for Imperial, Riverside and San Diego Counties, and by the State Advisory Health Council. Such approvals are required for licensing of the additional beds.

Architectural services are being provided by the association of Gus W. Kalionzes-Whiting S. Thompson, Architects, of Los Angeles, California. The Architects have gained extensive experience in the design of more than 30 major hospital projects in California with a total construction value exceeding \$125,000,000, and previously served the District in connection with the 1968 construction program.

Estimated Project Costs

The District has retained the services of the firm of Swinerton & Walberg Co., San Francisco and Los Angeles, as Construction Manager for the Project. The Construction Manager is responsible for the preparation of all bid documents, construction scheduling, evaluation of bids and selection of construction contractors, preparation of the construction budget, and performance of construction supervision. Bonded construction bids have been received by the District from contractors representing the respective trades ("Trade Contractors") required to construct the Project. No single general contractor is involved, and each Trade Contractor is treated as a prime contractor. The Construction Manager, however, performs many of the functions of a general contractor in the areas of scheduling, materials flow, coordination, work progress and overall supervision of the job. Also, the District has retained an independent Clerk-of-the-Works for construction inspection. Swinerton & Walberg Co. has been actively engaged in the construction industry since 1888, operating over most of the western hemisphere with emphasis on the western United States and the Pacific area. Activities of the firm are concentrated in the broad field of commercial and industrial construction, with the bulk of its volume involving office buildings, hospitals, hotels, apartments and a variety of industrial installations. During the last five years, Swinerton & Walberg Co. has served as management or construction contractor on 90 projects (including 10 hospitals or medical facilities) with an aggregate construction value of more than \$951 million.

Table 2 following, presents a summary of Project costs and sources of funds, based on construction bids previously received from the respective Trade Contractors, and on estimated incidental Project costs, interest during construction, reserves and other costs of Bond issuance. Sources of funds indicated in Table 2 include a minimum contribution of \$200,000 by the District from funds on hand as of January 1, 1977, an aggregate sum of \$1,882,000 to be deposited in the Construction Fund by the District from property tax receipts in the 1976/77 and 1977/78 fiscal years, and \$310,000 of estimated interest earnings from investment of Bond proceeds during construction (based on an average investment return of 5% per annum). All District contributions will be deposited as received or available in the Construction Fund which is held by the Trustee. Estimated Project costs enumerated in Table 2 do

not include approximately \$1,076,800 of accumulated funds previously expended by the District on behalf of the Project for design and construction work already completed (not to be recovered from Bond proceeds), nor does the Table reflect potential

costs or allowances for movable equipment and furnishings, which may be supplied by utilization of present facilities, by purchase from surplus operating and/or property tax revenues, and/or through equipment leases.

Table 2
TRI-CITY HOSPITAL AUTHORITY
Estimated Project Cost and Sources of Funds

Estimated Project Cost:		
Construction		\$ 8,085,566 ^①
Construction Management (fees and costs)		488,574
Architectural, engineering and related fees, including inspection, testing and governmental approvals (net)		310,980
Contingencies and change orders		362,380
Total Construction Cost		\$ 9,247,500
Interest during construction (24 months @ 7%)	\$1,190,000	
Reserve Fund (½ maximum annual debt service)	374,500	
Maintenance and Operation Fund	2,500	
Costs of Bond Issuance	77,500	1,644,500
Total Project Cost		<u>\$10,892,000</u>
Sources of Funds:		
Authority Lease-Revenue Bonds		\$ 8,500,000
District cash available (as of 1/1/77)		200,000
Interest earned on invested funds		310,000
District tax revenues		1,882,000
Total Funds Available		<u>\$10,892,000</u>

① Based on low Trade Contractors bids received by the District.

Contractors' Obligations

Under the construction management concept, no single contractor is charged with the responsibility for final completion of the Project within a specified time period. However, each Trade Contractor does have a specific time of performance, and it is the responsibility of the Swinerton & Walberg Co., as Construction Manager, to schedule each Trade Contractor's performance so that construction of the Project will proceed in an orderly manner and completion will be assured by the anticipated date. The Construction Manager has, on the basis of the respective Trade Contractors performance requirements, estimated completion by September 1, 1978, or five months prior to the time capitalized interest is fully used, and 10 months prior to the first payment of Base Rental.

To assure completion, the respective Trade Contractors or the District will post 100 percent faithful performance, labor and materialmen's bonds. In the

event any Trade Contractor fails to perform under the terms of his contract, his surety will be liable for completion of the specified work. Also, the District is providing, or will cause to be provided, builder's risk insurance covering all risks upon the Project and materials upon the building site (but excluding builder's equipment), including fire and extended coverage (which includes protection against earthquake damage).

Environmental Considerations

Pursuant to the California Environmental Quality Act (Public Resources Code Section 21000 and following) and in conformity with existing local regulations, an environmental impact assessment of the Project was made and a negative declaration adopted by the District Board of Directors and approved by the City Council of the City of Oceanside, California. A Notice of Determination was filed with the Clerk of the City of Oceanside on March 8, 1974.

DISTRICT FINANCIAL DATA

The Bonds currently offered for sale by the Tri-City Hospital Authority are secured solely by revenues of the Authority, including lease payments from the Tri-City District as lessee of the Project. Therefore, financial data pertaining to the District is presented in this section.

Assessed Valuations

The assessed valuation of the District is established by the San Diego County Assessor, except for public utility property which is assessed by the State Board of Equalization. The State Board of Equalization reports that San Diego County assessed valuations for 1976/77 average 25.1 percent of full cash value. Utility property is reported to be assessed at 25.0 percent of full cash value by the state. Assessment ratios in 1975/76, the prior fiscal year, for locally and state assessed property were 24.0 percent and 25.0 percent, respectively.

Under amendments adopted in 1968 to the Constitution and Statutes of the State of California, two unique types of exemptions of property from ad valorem taxes became effective for the first time in the 1969/70 fiscal year. One of these exempts 50 percent of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. The revenue estimated to be lost to each taxing entity as a result of these exemptions is reimbursed to the taxing entity from state funds. The reimbursement is based upon the total taxes which would be due on the assessed valuation of the property qualifying for these exemptions, and is not reduced by any delinquencies.

The tabulation following summarizes the 1976/77 assessed valuation of the Tri-City Hospital District before and after giving effect to these exemptions.

TRI-CITY HOSPITAL DISTRICT

1976/77 Assessed Valuation

Local Secured Roll	\$363,226,363
Utility Roll	46,267,730
Unsecured Roll	21,601,625
Net Assessed Valuation	\$431,095,718
State-reimbursed exemptions	41,838,498
Assessed Valuation for Revenue Purposes	\$472,934,216 ^①

^① Includes \$2,385,281 of incremental assessed valuation for a redevelopment project in the City of Oceanside. Taxes levied upon such valuation are not available to the District.

Source: County Auditor-Controller.

Since 1972/73, the District's assessed valuation has increased nearly 79 percent, as summarized in the tabulation below.

TRI-CITY HOSPITAL DISTRICT

Assessed Valuations

Fiscal Year	Assessed Valuation ^①
1972/73	\$264,410,640
1973/74	304,114,614
1974/75	354,813,441
1975/76	415,647,482
1976/77	472,934,216

^① Before deduction of State-reimbursed exemptions.

Source: County Auditor-Controller.

Tax Rates, Levies and Delinquencies

Ad valorem taxes levied by the District are collected by the San Diego County Tax Collector at the same time and in the same manner as county, city and school district taxes. Taxes are payable on November 1 and February 1 and become delinquent on December 10 and April 10, except taxes on certain properties which are assessed on the unsecured roll. Unsecured taxes are assessed on March 1 and become delinquent the following August 31.

The three following tabulations summarize the 1976/77 secured tax rates levied within the largest tax code areas in the Cities of Oceanside, Vista and Carlsbad (all encompassed within the boundaries of the District); the composition of District tax rates for the 1976/77 and previous four fiscal years; and

the total secured taxes levied in the District and collected by the county, and the amounts and percentages delinquent as of June 30 for the five fiscal years 1971/72 through 1975/76. The county does not compile totals of prior year collections, penalties and interest by separate taxing entity. In the aggregate the three tax code areas indicated immediately below represent 51.5 percent of the District's 1976/77 assessed valuation.

Commencing with the 1974/75 fiscal year, the District began levying the maximum permitted tax

rate of 20 cents per \$100 assessed valuation to meet on-going costs of the expansion program which will culminate with application of the proceeds of the Bonds described herein. During the five-year period depicted in the second tabulation, funds derived from District general purpose taxes have been applied exclusively to capital outlays. Separate taxes are levied to meet District general obligation bond service payments. Operating costs have been met entirely from operating and certain other non-operating revenues (see Table 3 on page 21 hereof).

TRI-CITY HOSPITAL DISTRICT

1976/77 Total Secured Tax Rates per \$100 Assessed Valuation and Assessed Valuations by Selected Tax Code Area

	City of Oceanside Tax Code Area 7000	City of Carlsbad Tax Code Area 9000	City of Vista Tax Code Area 12004
Assessed Valuation	<u>\$69,281,506</u>	<u>\$88,450,455</u>	<u>\$85,670,625</u>
Tax Rates:			
San Diego County	\$ 2.282	\$ 2.282	\$2.449
City taxes	2.229	2.024	1.120
Schools	4.796	4.599	4.844
Community college	.723	.723	.602
Tri-City Hospital District①	.266	.266	.266
Other special tax districts	.301	.450	.250
Totals	<u>\$10.597</u>	<u>\$10.344</u>	<u>\$9.531②</u>

① Includes tax rates for general purposes (capital outlays)—\$0.200, and debt service—\$0.066.

② Excludes an aggregate tax rate of \$1.153 on land only, and \$0.136 on land and improvements only.

Source: County Auditor-Controller.

TRI-CITY HOSPITAL DISTRICT

District Tax Rates 1972/73—1976/77

	1972/73	1973/74	1974/75	1975/76	1976/77
General Purposes (Capital Outlays) ...	\$0.039	\$0.094	\$0.200	\$0.200	\$0.200
Debt Service	<u>0.109</u>	<u>0.095</u>	<u>0.083</u>	<u>0.069</u>	<u>0.066</u>
Total	\$0.148	\$0.189	\$0.283	\$0.269	\$0.266

Source: County Auditor-Controller.

TRI-CITY HOSPITAL DISTRICT

Secured Tax Levies and Delinquencies^①

Fiscal Year	District Tax Levy	Delinquent as of June 30	
		Amount	Percent
1971/72	\$346,214	\$ 7,708	2.23%
1972/73	352,414	5,374	1.52
1973/74	481,021	13,158	2.74
1974/75	851,712	41,288	4.85
1975/76	958,708	42,874	4.47

① Includes secured levies for both general purposes and debt service. Excludes state reimbursements.

Source: County Auditor-Controller.

Major Taxpayers

Although San Diego County does not compile a listing of the largest taxpayers in the County by ownership and location of property, it is recognized that the Encinas electric generating plant and related facilities of the San Diego Gas and Electric Company probably represents the largest single ownership of taxable property within the District. This facility, located within tax code area No. 9000 of the City of Carlsbad, is assessed at a minimum of \$25,723,640 by the State Board of Equalization, and represents 5.44 percent of the District's current 1976/77 assessed valuation. No other taxpayers of near or comparable magnitude are readily identifiable from examination of the records of the San Diego County Assessor.

Retirement System

Eligible District employees may elect to participate in a retirement plan administered by the Travelers Insurance Company, Hartford, Connecticut. The plan calls for the participating employee and the District each to contribute a percentage of the employee's gross wages to the pension trust (2% and 3%, respectively). Employee past service accruals at the inception of the retirement plan in 1973 were fully funded by the District at such time, but are being amortized by annual balance sheet decreases in deferred charges at the rate of \$4,000 per year through 1982. The District reports that there are no unfunded liabilities in connection with this plan. Upon retirement, the accumulated funds allocated to the employee will be used for retirement benefits. The District audit for the fiscal year ended June 30, 1976 indicates the charge to pension ex-

pense was \$114,098, for 1976 and \$60,423 for 1975. A determination letter approving the pension plan has been issued by the Internal Revenue Service. District employees are also covered by Social Security (FICA) through matching contributions by the District and each employee.

Insurance Coverage

As of June 30, 1976, the District carried the following major insurance coverage: Hospital malpractice \$100,000 primary and \$19,900,000 in excess of \$100,000; Directors and officers liability—\$5,000,000; Fire insurance and extended coverage on buildings—\$10,529,560, with \$300,000 business interruption and \$300,000 business income extra expense; Comprehensive liability on all business—\$5,000,000; Boiler and related vessels—\$5,000,000 for direct damage (with \$1,000 deductible), and \$2,200,000 business interruption; Hospital equipment and supplies—\$3,179,157 for all risks; and Leased equipment—\$1,056,120 for all risks.

The District carries a variety of other insurance protection, as shown in the Supplemental Information in the 1975/76 audit report, appended hereto as Exhibit I. In addition, the facilities to be financed with the proceeds of the Bonds described in this official statement will be insured as provided in the Resolution and discussed herein under the Section entitled "THE BONDS—Insurance Provisions".

Fund Balances

District cash fund balances (including investments) as of June 30, 1976, and December 31, 1976 were as follows:

TRI-CITY HOSPITAL DISTRICT

Cash Fund Balances

	6/30/76	12/31/76
Unrestricted Funds	\$1,303,013 ^①	\$1,235,479 ^①
Bond Interest and Re- demption Fund ^② . . .	228,397	168,243
Scholarship Fund ^②	4,691	4,812
Philanthropic Trust Fund ^②	67,696	69,186
Totals	\$1,603,797	\$1,477,720

① Includes cash reserves held by a service agent for open claims under Workmen's Compensation and group health/medical benefits of \$45,528 (6/30/76), and \$79,184 (12/31/76).

② Restricted funds.

Sources: District audit (6/30/76), and District financial records (12/31/76).

Revenues and Expenses

Tri-City Hospital District retains the services of independent Certified Public Accountants to conduct an examination of its financial records each year, and to present a report thereon to the District Board of Directors. The summarized data presented in Table 3 following, has been obtained from annual District audits for the fiscal years 1971/72 through 1975/76, and presents District revenues and expenses for the indicated five-year period. Also shown is comparable budget data for the current 1976/77 fiscal year. Table 3 does not purport to be complete, and should be read in conjunction with the Financial Statements, related Notes and Supplementary Information of the audit reports for each corresponding year, and the 1976/77 budget. Included herewith as Exhibit I is the audit report for the fiscal year ended June 30, 1976 (which contains comparative statements and data for the 1974/75 fiscal year). Audit reports for the fiscal years 1971/72 through 1973/74 are on file with the District, as well as the 1976/77 budget, and copies may be requested by any interested party. It should be noted that the summary presented below applies only to unrestricted funds of the District, plus revenues and expenses applicable to (G.O.) bond interest and redemption funds. Other restricted funds are not included in the tabulation. Particulars pertaining to District general obligation bond service and lease payments are presented in subsequent paragraphs of this Section. Balance sheets of the District for the

years ended June 30, 1975 and 1976 are also presented in Exhibit I. Non-financial data pertaining to District operations are presented in a previous section of this official statement.

As indicated in the Table, the District functions on a self-supporting basis, whereby operating revenues have been historically sufficient to meet operating costs. District budgets are designed to assure a continuation of this procedure. General purpose (unrestricted) tax receipts have been used exclusively for capital outlays, and it is expected that such revenues will continue to be available for such authorized purposes in the future. As discussed elsewhere in this official statement, general purpose tax revenues are also to be used to meet lease payments to the Tri-City Hospital Authority upon completion of the Project to be financed with proceeds of the Bonds now being offered.

Outstanding District Bonds and Lease Obligations

As of the date of this official statement, the District has outstanding an aggregate principal amount of \$3,375,000 in general obligation bonds. The outstanding bonds represent the remaining unpaid balance of two issues dated as of October 1, 1959 and October 1, 1968, in the original principal amount of \$690,000 and \$3,825,000, respectively. Bonds of both issues mature serially each October 1 through 1978 for the 1959 issue and 1998 for the 1968 issue. These bonds are secured by the unlimited taxing power of the District, and a separate property tax is levied each year at a rate that will generate sufficient revenues to meet annual interest and principal requirements. A schedule of future aggregate annual debt service payments for both of the outstanding District general obligation bond issues is presented on page 22.

Outstanding general obligation bonded indebtedness of a Local Hospital District is limited by state statute to 10 percent of a district's current assessed valuation. The 1976/77 net taxable assessed valuation has been established at \$431,095,718 (see page 17 hereof), which results in a total bonding capacity of \$43,109,572. After deducting the outstanding general obligation bonds, the District's unused bonding capacity amounts to \$39,734,572. The Bonds now being offered by the Tri-City Hospital Authority are not, however, subject to the statutory debt limits imposed on a Local Hospital District.

Table 3

TRI-CITY HOSPITAL DISTRICT

Summary of Revenues and Expenses

(General and Bond Funds)

	Fiscal Year					Budget 1976/77
	1971/72	1972/73	1973/74	1974/75	1975/76	
OPERATING REVENUE	\$6,203,986	\$7,272,344	\$8,623,636	\$11,204,125	\$14,774,030	\$17,166,031
Less: Allowances and Uncol- lectibles	(169,012)	(255,903)	(581,602)	(666,493)	(1,711,113) ①	(1,330,229)
Net Operating Revenue . . .	\$6,034,974	\$7,016,441	\$8,042,034	\$10,537,632	\$13,062,917	\$15,835,802
OPERATING EXPENSE	\$5,693,663	\$6,503,162	\$7,427,986	\$ 9,645,592	\$12,420,599	\$14,748,336
Net Operating Income (be- fore depreciation)	\$ 341,311	\$ 513,279	\$ 614,048	\$ 892,040	\$ 642,318	\$ 1,087,466
NON-OPERATING REVENUE						
Interest income	\$ 19,770	\$ 9,614	\$ 19,139	\$ 55,270	\$ 55,884	\$ 61,488
Property taxes—unrestricted	107,557	107,900	269,356	655,636	814,049	810,500
Property taxes—restricted (debt service)	293,784	307,935	307,276	310,450	301,523	303,728 ②
Other revenue	172,430	27,563	40,306	33,961	34,852	353,827
Total Non-Operating Revenue	\$ 593,541	\$ 453,012	\$ 636,077	\$ 1,055,317	\$ 1,206,308	\$ 1,529,543
DEBT SERVICE EXPENSE . .	\$ 219,279	\$ 307,755	\$ 306,719	\$ 300,190	\$ 300,544	\$ 303,728 ②
NON-OPERATING EXPENSE AND ADJUSTMENTS	\$ 30,138	\$ 1,029	\$ 8,430	\$ 170,957	\$ 21,399	\$ 13,000
TOTAL INCOME BEFORE DEPRECIATION	\$ 685,435	\$ 657,507	\$ 934,976	\$ 1,476,210	\$ 1,526,683	\$ 2,300,281
DEPRECIATION	\$ 276,755	\$ 337,887	\$ 362,667	\$ 389,900	\$ 623,502	\$ 494,224

① Accumulation of prior years' Medicare and Medi-Cal adjustments liquidated in the 1975/76 fiscal year.

② Not included in operating budget; restricted tax receipts are based on actual debt service requirements in 1976/77.

Sources: Basic data for 1971/72 through 1975/76 fiscal years derived from annual audits of the District. Data for 1976/77 obtained from approved District budget, except as noted in Footnote No. 2, above.

In addition to the payment of outstanding general obligation bonds, the District is also obligated under three equipment leases and an equipment purchase contract. Payments are made monthly or quarterly, and aggregate \$108,860 per year, including interest. It is anticipated that an indeterminate portion of the equipment to be installed in the Tri-City Hospital addition described herein will be acquired by lease. The potential magnitude of such lease payments and any effect on District revenues are not ascertainable at this time. Lease payments are normally

an allowable cost under reimbursement programs established by third party payors, and it is expected that any such costs will be recoverable from charges for patient care, whether reimbursed from third party payors or paid directly to the Hospital by patients. Under such conditions, it is not anticipated that future equipment lease payments will have an adverse effect on future cash-flow of the District, nor will there be a detrimental effect on the ability of the District to meet lease payments to the Authority from proceeds of the District's 20 cent taxing

power. It should be recognized, however, that the District's general purpose taxing power (20 cents per \$100 assessed valuation) is neither specifically nor exclusively pledged to the payment of annual Base Rent and Additional Rent to the Authority, and such tax receipts might conceivably be used for purposes other than such rental payments if operat-

ing revenues are not sufficient to meet all operating costs, including future equipment lease payments.

Direct and Overlapping Bonded Debt

Table 4 presents a summary of the direct and estimated overlapping bonded debt of the Tri-City Hospital District as of February 8, 1977.

TRI-CITY HOSPITAL DISTRICT

Schedule of Future General Obligation

Bond Service^①

Year Ending October 1	Annual Interest	Principal Maturing	Total Annual Debt Service	Year Ending October 1	Annual Interest	Principal Maturing	Total Annual Debt Service
1977	\$170,203	\$135,000	\$305,203	1988	\$103,195	\$145,000	\$248,195
1978	162,852	140,000	302,852	1989	95,945	150,000	245,945
1979	155,203	95,000	250,203	1990	88,445	160,000	248,445
1980	149,502	100,000	249,502	1991	80,445	170,000	250,445
1981	144,603	105,000	249,603	1992	71,775	175,000	246,775
1982	139,615	110,000	249,615	1993	62,850	185,000	247,850
1983	134,335	115,000	249,335	1994	53,415	195,000	248,415
1984	128,700	120,000	248,700	1995	43,470	205,000	248,470
1985	122,820	125,000	247,820	1996	33,015	215,000	248,015
1986	116,695	130,000	246,695	1997	22,050	225,000	247,050
1987	110,195	140,000	250,195	1998	10,575	235,000	245,575

① Annual principal payments obtained from 1976/77 District audit; annual interest cost computed from annual coupon rates presented in same audit.

NOTE: Does not include any District payments under equipment leases or contracts, nor proposed District lease obligation to service the Bonds described in this official statement.

Table 4

TRI-CITY HOSPITAL DISTRICT

Statement of Direct and Estimated Overlapping Bonded Debt

Population (January 1, 1976 estimated)	120,000 ^①	
1975/76 Assessed Valuation	\$ 415,647,482	
1976/77 Assessed Valuation	\$ 472,934,216	
Estimated Market Value (1976/77)	\$1,884,900,000 ^②	

Entity	Percent Applicable ^③	Debt Applicable February 8, 1977 ^④
San Diego County	7.304%	\$ 280,108
San Diego County Water Authority	7.628	4,053,519
Metropolitan Water District	1.056	5,703,339
Carlsbad Municipal Water District, I.D.'s	60.623-100.	2,043,951
Rainbow Municipal Water District and I.D. No. 1	1.745 & 57.312	259,641
Oceanside-Carlsbad Community College District	13.407 & 99.623	1,659,867
Palomar Community College District	13.198	267,127
Carlsbad Unified School District	99.399-99.437	3,734,047
Oceanside Unified School District	99.824	24,956
Vista Unified School District	98.359-99.457	4,658,299
Other school districts	Various	51,125
City of Carlsbad	78.879	2,725,269
City of Oceanside and Small Craft Harbor	42.230	10,780,269
Vista Irrigation District	84.864	7,363,649
Buena Sanitation District	62.659	1,127,862
Vista Sanitation District	100.	1,590,000
Leucadia County Water District	12.985	175,946
San Marcos County Water District	1.228	20,851
Tri-City Hospital District	100.	3,375,000
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT .		\$49,894,825
Less self-supporting city and special district bonds		3,022,133
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT ...		\$46,872,692

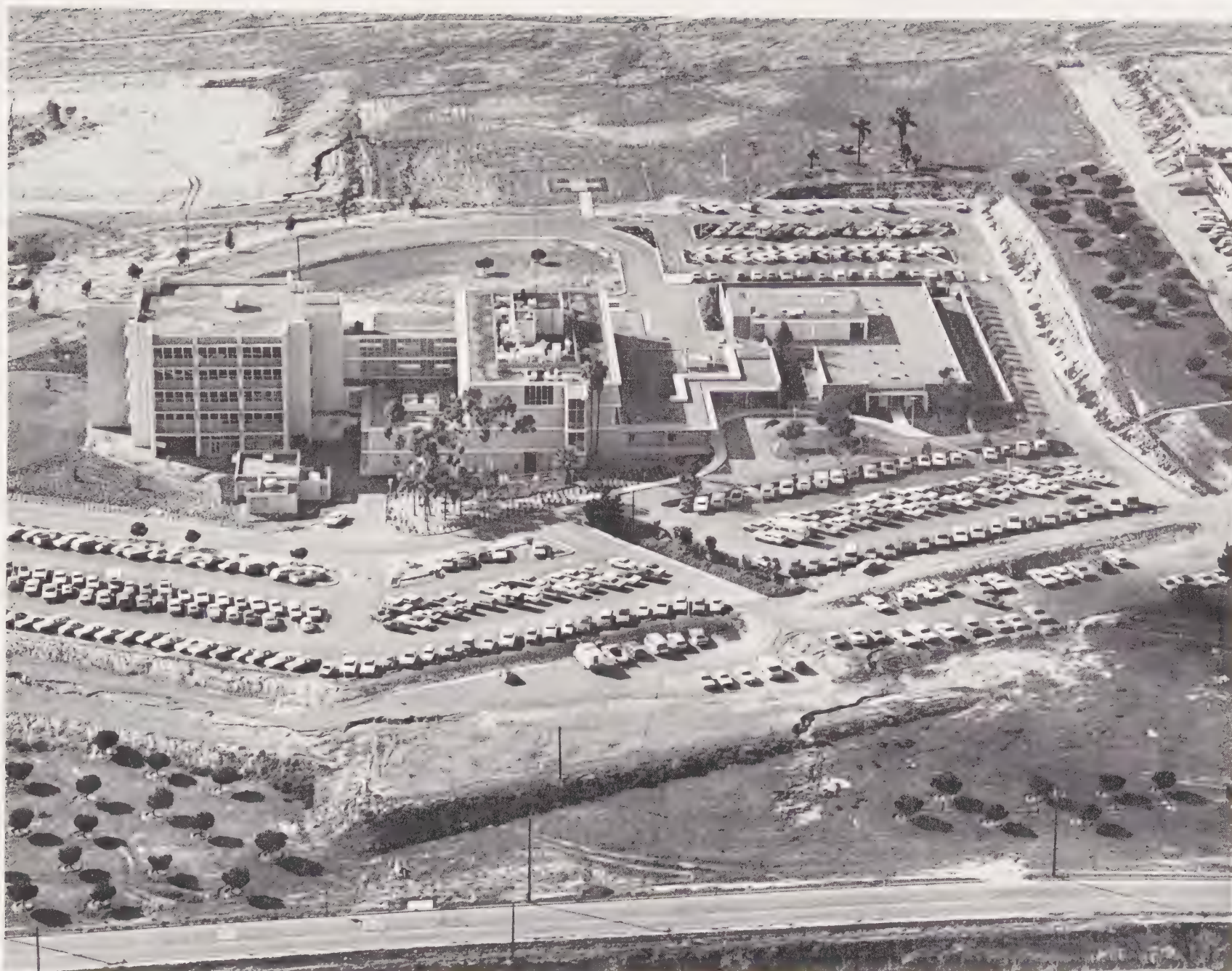
	Ratio to			
	1975/76 Assessed Valuation	1976/77 Assessed Valuation	Estimated Market Value	Per Capita
Assessed Valuation (1976/77)	— %	100. %	② %	\$3,941
Direct Debt	.81	.71	.18	28
Gross Total Debt	12.00	10.55	2.65	416
Net Total Debt	11.28	9.91	2.49	391

① Source: State Department of Finance.

② The State Board of Equalization reported 1976/77 San Diego County assessed valuations average 25.1 percent of full value except for public utility property which is reportedly assessed at 25 percent of full value.

③ Source: California Municipal Statistics, Inc., San Francisco, California. Percentages based on 1975/76 assessed valuations.

④ Excludes revenue bonds, District lease obligations (the \$8,500,000 of Bonds currently offered, and other District lease obligations) and the District's share of County lease obligations (\$1,999,105). Excludes sales and repayments, if any, between January 2 and February 8, 1977.



Recent (1974) view of the existing Tri-City Hospital in Oceanside, California. Major improvements to be financed with Bond proceeds include completion of the top three floors of the nursing tower at the left, addition of a second floor to the wing at the right, and construction of a frontal addition to the central core.
Photo by Bert W. Winford, Photography, Oceanside, California.

DESCRIPTION OF THE AREA

This portion of the official statement describes the District, the Cities of Carlsbad, Oceanside and Vista, and San Diego County.

The District

The Tri-City Hospital District is located on the Pacific coastline of northwestern San Diego County, approximately 35 miles north of San Diego, 90 miles south of Los Angeles, and 485 miles south of San Francisco. District boundaries encompass 456.1 square miles, including the cities of Carlsbad, Oceanside, and Vista, and unincorporated areas contiguous to these cities. The District extends into the southern portion of Camp Pendleton, a large Marine amphibious and advanced infantry training base situated north of Oceanside, and into a small portion of the City of San Marcos, which is located southeast of Vista.

In common with North San Diego County generally, the area has been growing rapidly in recent years. The 1970 Federal Census reported combined populations of 80,126 for the three principal cities, or 5.9 percent of the total population of San Diego County. By April 1975, when a special countywide

census was carried out by the State Department of Finance (the "special census"), the combined city populations had grown to 102,960 persons, 6.6 percent of the county's population. A January 1, 1976 estimate by the State Department of Finance indicated an incorporated area population of 108,200, or about 6.8 percent of total county population.

An even higher rate of growth has taken place in business activity. Combined taxable sales in the three incorporated cities were less than 6.7 percent of the county total in 1971; in 1975 combined taxable transactions had climbed to over 7.3 percent of total taxable transactions for San Diego County. The economy of the District has become increasingly diversified in recent years, with greater activity in the manufacturing sector. A new regional shopping center has stimulated commercial expansion. Mission San Luis Rey, largest and one of the best preserved of the early California missions, is located in the District.

Population, Housing and Income

The present population of the District is estimated at 120,000 persons, compared with an estimated 87,500 in the 1970 Census. Population growth during this period has averaged nearly six percent yearly, and this rate of growth is expected to continue in the foreseeable future. The above population estimates do not include those persons residing in the portion of Camp Pendleton served by the District.

Since the 1970 Census, Oceanside and Carlsbad have experienced population gains more than double the countywide rate, while Vista's rate of increase has about matched that of the county. As of both

TRI-CITIES AND SAN DIEGO COUNTY

Population Growth 1950-76

Year	City of Carlsbad	City of Oceanside	City of Vista	San Diego County
1950	4,383 ^①	12,881	①	556,808
1960	9,253	23,971	①	1,033,011
1970	14,944	40,494	24,688	1,357,854
1975	19,391	55,267	28,302	1,559,505
1976	20,050	59,000	29,150	1,590,700

^① Unincorporated.

Sources: 1950-1970, U.S. Bureau of the Census. 1975, Special census by California Dept. of Finance. 1976, California Dept. of Finance estimate.

April 1975 and January 1, 1976, the City of Oceanside accounted for over half the combined populations of the tri-cities. On the preceding page is a tabulation of population growth for each city and for San Diego County since the 1950 Federal Census.

Vista is predominantly a city of single-family homes. In Oceanside, over 45 percent of all housing units are multiples, while the proportion runs somewhat lower in Carlsbad. The pattern of housing in each city as reported in the 1975 special census, is shown below.

TRI-CITY AREA

Housing Units 1975

Type of Housing	City of Carlsbad	City of Oceanside	City of Vista
Single Family	4,279	10,304	6,725
Multi-Family	3,956	10,528	2,892
Mobile Homes	764	2,205	1,434
Total	8,999	23,037	11,051

Source: State Department of Finance.

Throughout the county, the average value of permits for single family homes in 1975 was \$36,152, exclusive of land. In the tri-cities, these values were as follows: Carlsbad \$43,912, Oceanside \$31,317, and Vista \$35,589.

Median household income countywide was \$10,982 in 1975, as revealed by the special census. Carlsbad's \$12,474 was above this level by a considerable margin, while Oceanside and Vista were below the county average at \$8,358 and \$9,751, respectively. The three cities have a total of more than 430 families with annual incomes exceeding \$40,000.

Employment

The District's civilian labor force amounted to 36,297 people as of April 1975, based on reports of the San Diego County Integrated Planning Office. Of this number, a total of 3,311 were unemployed resulting in an unemployment rate of 9.1%. In addition, 5,757 military personnel resided in the District. Current unemployment data are available only on a county basis (see section on San Diego County).

In July 1972 a county Inventory of Employment was undertaken by the Comprehensive Planning Organization of the San Diego Region. In the District,

nearly a fourth of all employed civilians were in wholesale or retail trade. Services and government were the next most important sources of jobs. Results of this special survey appear below.

Since that time, industrial employment in the District has increased substantially. There are now more than 4,000 industrial workers in the District, as reflected in the listing of large employers on page 27.

TRI-CITY AREA CIVILIAN EMPLOYMENT

Industry	Number of Establishments	Number of Employees	Percent of Total Employees
Agriculture	85	1,311	5.5%
Construction	224	1,874	7.9
Manufacturing	48	1,960	8.3
Transportation, Utilities	55	1,037	4.4
Trade	621	5,778	24.4
Finance, Insurance, Real Estate	124	767	3.2
Services	568	4,180	17.7
Government	129	3,906	16.5
Other			
Non-Agriculture	670	2,859	12.1
Total	2,524	23,672	100.0%

Source: 1972 Employment Inventory, Comprehensive Planning Organization of San Diego Region.

Camp Pendleton

Immediately north of Oceanside is the 239,000 acre U.S. Marine Corps Base, Camp Joseph H. Pendleton, the world's largest Marine base and home of the 1st Division. The base includes facilities for intermediate and advanced training, a helicopter air wing, engineer, communications, amphibious tractor, and combat service units.

In mid-1975 Camp Pendleton had a total base population of 40,719, an increase of 15 percent over 1974. Total payroll for the year was \$176,200,000, of which \$35,400,000 was paid to civilian employees, according to the Oceanside Chamber of Commerce.

Commerce

Commercial activity in the District is concentrated in the central business districts of Oceanside, Carlsbad and Vista, and at Plaza Camino Real, a major

TRI-CITY HOSPITAL DISTRICT

Largest Employers in the District

(50 or More Employees)

Company	Product or Service	No. of Employees
Vista Unified School District	Education	1,239
Oceanside Unified School District	Education	1,017
Tri-City Hospital District	Hospital	634
Plaza Camino Real	Shopping Center	625
Hughes Aircraft Co., Industrial Products Division	Industrial products	531
Deutsch Co., E.C.D.	Electrical connectors	500
Pacific Telephone	Communications	500
City of Oceanside	Government	483
Burroughs Corporation	Computer components	450
ACDC Electronics, Inc.	DC power supplies, transformers	400
Kraft Systems, Inc.	Radio communications equipment	400
Carlsbad Unified School District	Education	397
Sargent Industries, Stillman Seal Division	Seals, molded rubber products	335
Frazer Flowers, Inc.	Nursery	250
City of Carlsbad	Government	213
Swan Electronics	Electronic equipment	157
K-Mart	Retail department store	131
Edwin Frazer, Inc.	Bulb growing and processing	125
City of Vista	Government	119
Vista Center	North County Court Building	111
North County Community Hospital	Hospital	108
Atlas Radio, Inc.	Radio/TV transmitting, signaling equipment	94
Dyna-Med, Inc.	Emergency medical supplies	90
Blade-Tribune	Newspaper	85
Beckman Instruments, Inc.	Microbics, biochemicals	75
Monitor Products Co., Inc.	Crystal and electronic manufacturer	75
San Diego Gas & Electric, Encina Plant	Utility	70
Crystal Silica Company	Silica	63
Oceanside Beachwear, Inc.	Women's clothing	60
F. Fashions	Men's clothing	50
Lancer Pacific	Orthodontic products	50
Magnedyn, Inc.	Electric motors	50
Stewart Apparel Manufacturing	Women's clothing	50
Vista Press	Daily newspaper	50

Sources: Local chambers of commerce and direct contact with certain of the listed industries.

new regional shopping center with convenient access from Interstate 5, State Highway 78, and El Camino Real. Major tenants at this location are The May Co. and J. C. Penney Co. There are more than 60 specialty shops and restaurants. The developers have announced plans to double the size of the shopping center by adding a new Sears department store, a Bullock's outlet, and approximately 40 smaller shops

to the west of the present complex.

Other major centers of commercial activity in the District are Car Country, a group of automobile dealers located east of Interstate 5 in Carlsbad, and La Costa Hotel and Spa, a resort complex in the southern sector of the District. The La Costa facility contributes nearly \$200,000 per year in transient use taxes to the City of Carlsbad.

Industry

Convenient freeway access to San Diego, a good inventory of desirable industrial land at reasonable prices, and pleasant living conditions have attracted increasing numbers of industrial firms to the tri-city area.

A number of new firms have recognized the benefits of relocation to the tri-city area. Among the newcomers are Beckman Instruments (Microbics Division), which relocated an enzyme manufacturing facility from Alhambra to Carlsbad in 1973. Another newcomer is Sargent Industries, Stillman Seal Division, which relocated to Carlsbad from Culver City in 1974.

The Palomar Airport Business Park, a joint venture of Cabot, Cabot & Forbes, Mitsui & Co. (USA), and Mitsui Fudosau (USA) Inc., is now being developed south of Palomar airport, in the southern part of the District. The seven-year project began in June 1974. According to the developer, this planned industrial development covers 340 acres, and will have a total estimated value of \$50 million when completed. At full development, some 150 companies are expected to employ an estimated 5,000 people at this location. In 1975 buildings were completed for Dyna Med, Inc., a producer of medical supplies, and for Pacific Telephone Co. The latter is a telephone switching facility. In addition the developer completed a building of 43,000 square feet which has been leased.

Hughes Aircraft Company's Industrial Products Division, the District's largest industrial employer, with 531 employees, is presently adding 165,000 square feet of floor space to its local plant, located immediately east of the Palomar Airport Business Park.

The San Diego Gas and Electric Co. has announced plans for a 350-acre commercial and industrial park on acreage it owns north of Palomar Airport. The park, if built, would be oriented primarily to professional and commercial tenancy.

Next to Hughes Aircraft, the largest manufacturers in the District are the Deutsch Company, which employs 500 in the production of electrical connectors; Burroughs Corporation, with 450 employees making computer components; ACDC Electronics, Inc., whose 400 employees make electrical apparatus; and Kraft Systems, Inc., a maker of radio communications equipment employing 400.

Transportation

Interstate 5, the principal highway through California from Mexico to Canada, traverses the western part of the District. California Highway 78, which joins I-5 north of Carlsbad, runs easterly to Vista, San Marcos, and Escondido, where it connects with U.S. 395 (re-designated Interstate Route 15), a major inland route from San Diego through eastern California. The Tri-City Hospital is located along State Route 78. State Highway 76 links with I-5 about two miles north of State 78 and runs north-easterly to a junction with U.S. 395 about 15 miles north of Escondido. State Route 78 is constructed to full freeway standards between the I-5 and U.S. 395 junctions.

The Atchison, Topeka and Santa Fe Railway provides freight service to the District. There is an Amtrak station at Oceanside. More than 100 major truck carriers serve the area, operating out of San Diego and Los Angeles. Interurban bus service is provided by Greyhound Bus Lines and Continental Trailways. Oceanside Transit and the North County Transit System offer local bus service in the District.

General aviation facilities are available at the county-operated Palomar Airport, located in Carlsbad, and at Oceanside Municipal Airport. Palomar Airport, open 24 hours, has a 4,700-foot runway, 201 based aircraft, and logs more than 190,000 annual operations. An FAA control tower is open from 7 A.M. until 11 P.M. daily, and oversees VASI, ALS and ILS landing aids. Proposed future development includes plans to extend the runway to 5,100 feet and to build a second runway to the north. Palomar Airport is the focus of a growing industrial complex.

Regularly scheduled passenger and air cargo service to all points is available at San Diego Municipal Airport (Lindbergh Field), less than an hour's drive via freeway south of the District. Deepwater transportation is available at the Port of San Diego, approximately the same distance.

California Coastal Plan

An initiative measure (Proposition 20—The California Coastal Plan) passed by California voters in November 1972 called for review of building applications for new construction within a minimum of 1,000 yards of the ocean, in order to control development. Under the Coastal Conservation Act, six regional commissions and one state commission were established to oversee development along the coast

until December 31, 1976, at which time a permanent plan may be adopted by the legislature. The District is located in the San Diego Coast Region, which extends from the Mexican Border to Orange County. After extensive local hearings throughout the state, the commissions submitted their recommendations for a permanent plan to the legislature on December 1, 1975.

In Subregion No. 2 (Oceanside), the Plan approves the proposed expansion of the Oceanside small craft harbor to 2,000 slips by the Army Corps of Engineers, and the redevelopment of the Harbor/Strand area as a beach-oriented tourist-commercial area. It also recommends acquisition of the 150-acre San Luis Rey River Marsh as a wildlife reserve.

In Subregion No. 3 (Carlsbad), the Plan recommends acquisition of the land areas immediately surrounding Buena Vista Lagoon and Agua Hedionda Lagoon, acquisition of the Encina Power Plant beachfront, and extension of South Carlsbad State Beach to the north and south. The impact of any possible state acquisition and consequent loss of assessed valuation of these land areas is thought by the District to be minimal.

Financial Institutions

Ten banks, including five statewide banking systems, operate 23 banking offices in the District. These banks, with the number of local branches in parenthesis, are the following: Bank of America (5), Chartered Bank of London (3), Crocker National Bank, First National Bank of Vista, San Diego Trust and Savings Bank, Security Pacific National Bank (3), California First Bank (2), Southwest Bank (3), United California Bank, and West Coast National Bank (3).

Additional financial services are provided by ten savings and loan associations, operating 12 offices in the District, as follows: Allstate, Central Federal (2), First Federal of San Diego, First Federal of Santa Monica, Home Federal of San Diego, Imperial, La Jolla Federal, Mutual, Oceanside Federal (2), and San Diego Federal.

Utilities

The District is served by the following utilities:

Gas and electricity:	San Diego Gas and Electric Company
Telephone:	Pacific Telephone Company

Water:	Carlsbad Municipal Water District, Vista Irrigation District, City of Oceanside
Sanitation:	Encina Water Pollution Control Facility (Carlsbad, Vista, and San Marcos), City of Oceanside.

San Diego Gas and Electric Company is planning to add a fifth generating unit to its Encinas Power Plan, a conventionally-fueled generating plant located in the District, as part of a \$94 million expansion program. The fifth unit, rated at 290 megawatts, will join three units rated at 116 megawatts each and a fourth unit of 300 megawatts, to create a total generating capacity of over 938 megawatts. The Carlsbad generating plant is one of the largest in the utility's system. The installation has a 1976/77 assessed valuation in excess of \$26 million (including adjoining switching facilities), or a full cash value of over \$105 million, as determined by the State Board of Equalization.

San Onofre Generating Station

Situated at a coastal site about 15 miles north of Oceanside, outside the District boundary, is the San Onofre Generating Station, a joint project of Southern California Edison (80%), and San Diego Gas and Electric Company (20%). This nuclear-powered installation has a generating capacity of 450 megawatts, and has been producing electric power for the past eight years.

An expansion program now underway will add two generating units rated 1,140 megawatts each. By 1982, when the third unit is scheduled to go into operation, the station will have a total generating capacity of 2,730 megawatts, enough power to serve the needs of more than three million people.

Approximately 1,600 construction workers are now employed at the site, plus approximately the same number of engineering and technical workers of Bechtel Corporation. About 100 employees are required to operate the present generating plant.

Education

Public educational services from kindergarten through high school in the District are provided by the Oceanside Unified School District, the Carlsbad Unified School District and the Vista Unified School District. For recent school years, these three school districts reported average daily attendance as follows, based on reports to the State Controller.

School District	Average Daily Attendance		
	1971/72	1972/73	1973/74
Oceanside Unified ..	10,371	10,454	10,332
Vista Unified	9,632	9,751	9,980
Carlsbad Unified ...	4,116	3,947	3,998

There are many private and parochial schools in the District, including the Army and Navy Academy at Carlsbad (grades 7-12, enrollment 226), Oceanside Christian School (grades K-6), St. Francis School in Vista, St. Patrick's School in Carlsbad, Victory Christian High School at Oceanside, Vista Christian School (K-6), and San Luis Rey Academy, a high school for girls.

Public education beyond high school is available at Mira Costa College, Oceanside, with day and evening enrollment of 3,891 in 1976, and at Palomar College, located in San Marcos, which borders the District to the east. This institution enrolled 12,987 in the fall of 1976. Both are two-year community colleges supported by local taxes and offer the Associate in Arts or Associate in Sciences certificate in various vocational and academic pursuits.

The San Diego campus of the University of California at La Jolla is located approximately 20 miles south of the District. The University offers graduate and undergraduate instruction at four colleges. The campus serves as headquarters for the University's Institute of Marine Resources and includes the long-established and celebrated Scripps Institute of Oceanography. There is a School of Medicine in the educational complex. Total enrollment is 8,808.

Other four-year degree institutions in the Metropolitan San Diego area include San Diego State University (enrollment 31,557), University of San Diego, a private institution enrolling 3,095, United States International University (enrolling 1,953), and Point Loma College, a newly established facility with fall 1975 enrollment of 1,460. These institutions bolster the local economy through the attraction of research dollars to San Diego County.

San Diego State University offers the bachelor's degree in 54 fields, and the master's degree in 42. There are doctorate programs in chemistry, genetics and ecology at this campus.

The University of San Diego (Catholic) offers the Master's degree in ten fields and awards the Juris Doctor degree at its School of Law. United States International University operates a law school and a school of the visual and performing arts.

Community Facilities

Local news coverage is provided by the daily *Blade-Tribune* of Oceanside, the *Vista Press*, published six days a week, the twice-weekly *Carlsbad Journal*, and the weekly *Vista News*. The *San Diego Union* and *Evening Tribune* both include special coverage of the North Coast in their editions.

The major television networks are received in the District from both San Diego and Los Angeles. Radio stations KUDE (AM and FM) in Oceanside, KMLO in Vista and KARL (FM) in Carlsbad broadcast locally. KOWN from nearby Escondido is also received in the District.

Municipal libraries are maintained by the City of Oceanside and the City of Carlsbad. At Vista, community library facilities operated by the County of San Diego are housed in a modern building at the new Vista Center North County Court Complex.

In addition to Tri-City Hospital, medical attention is available at the 67-bed Oceanside Community Hospital. More than 250 physicians/surgeons and 75 dentists practice in the District.

In and near the District are six 18-hole golf courses and two 9-hole courses, including the San Luis Rey Country Club and Resort, and the private La Costa Country Club. The latter is the site of the prestigious Tournament of Champions, a leading event on the professional golf circuit.

Oceanside Beach, Carlsbad State Beach and South Carlsbad State Beach offer six miles of excellent beaches. Agua Hedionda Lagoon is a popular water sports area, and there is a waterfowl refuge at Buena Vista Lagoon, between Oceanside and Carlsbad. Surfing, surf-fishing, water skiing, sailing, scuba diving, and boat launching facilities are available in the area. There is a deep sea sport fishing landing at Oceanside. Other recreational attractions are State day and overnight campgrounds and the Carlsbad Raceway for auto racing.

Mira Costa College sponsors a comprehensive program of chamber music, opera, lectures, concerts, drama, and public affairs discussions. The many cultural and recreational advantages of Metropolitan San Diego are less than an hour's drive to the south for residents of the District.

City of Carlsbad

Carlsbad derives its name from Karlsbad, Bohemia. In 1887 springs were discovered in the area bearing practically the same mineral content as the

waters of the famous spa. The name was subsequently anglicized. Located on the Pacific Coast south of the City of Oceanside, Carlsbad is fast becoming a center for light manufacturing, with electronics firms predominant in the local industrial structure. Carlsbad is largely oriented to families in the medium to upper income brackets. Household income is above the county average and above prevailing levels in surrounding communities.

As of April 1, 1975, the City of Carlsbad had a population of 19,391, based on the countywide special census. This is 4,447 greater than the 1970 Federal Census, or an increase of nearly 30 percent during the five-year period. Between 1950 and 1960 the population of the city more than doubled, and increased another 61.5 percent in the ensuing decade. As of January 1, 1976, the State Department of Finance estimated the city's population at 20,050.

Over 180 Carlsbad households have annual incomes of \$40,000 or more, according to the special census. More than 50 percent of the 5,352 household heads responding to the question on education reported that they had one or more years of college, with 1,360 persons holding graduate or postgraduate degrees.

Municipal Government

The City of Carlsbad was incorporated July 16, 1952. It is a general law city, utilizing the Council-Manager form of government. The five-member council appoints a city manager to administer municipal affairs.

Commercial Activity

The Plaza Camino Real Shopping Center, a major regional commercial complex, is located in Carlsbad at the intersection of State Highway 78 and El Camino Real. This center has more than 60 retail and personal service establishments, including May Company and J. C. Penney Company department stores. The developers have announced plans to double the size of this new shopping center. Two major department stores, Sears and Bullock's, will anchor the planned additional commercial space.

Since 1971 taxable sales transactions in the City of Carlsbad have more than doubled, and the number of sales outlets has increased by more than 47 percent, as shown in the accompanying five-year tabulation of transaction activity in the city.

CITY OF CARLSBAD

Taxable Transactions 1971-1975

Year	Number of Outlets	Total Taxable Transactions
1971	336	\$35,818,000
1972	361	45,966,000
1973	405	66,169,000
1974	446	81,806,000
1975	496	97,102,000

Source: State Board of Equalization.

Building Activity

Within the city, the total value of building permits has exceeded \$20 million annually for the past three years. About 76 percent of this dollar volume consisted of residential construction, with single family homes comprising the major part of residential permit valuation.

New homes in Carlsbad are largely in the medium-to-upper price ranges. As previously noted, the average permit value for single family dwellings in the city for 1975 was \$43,912, exclusive of land. The comparable countywide figure was \$36,152.

Presented on the next page is a summary of building permit valuation in the city by individual years since 1971, and permit values for the six months ending June 30, 1976.

Industrial Expansion

Carlsbad contains substantial tracts of industrial land, particularly along Interstate 5 at Palomar Road and in the vicinity of Palomar Airport. The Palomar Airport Business Park and the proposed business park to be built by San Diego Gas and Electric Company north of Palomar Airport have been discussed in a previous section.

City of Oceanside

Oceanside was founded in 1885. Its coastal location and excellent beach frontage give rise to the city's name. The city has a broad commercial and industrial base, and is a leading beach resort area. It adjoins the huge U.S. Marine Corps Base Camp Pendleton to the south, and serves as a service and residential center for the base. The city limits cover 38 square miles.

CITY OF CARLSBAD

Valuation of Building Permits 1971-1976

(Thousands of Dollars)

Category	1971	1972	1973	1974	1975	1976 (6 mos.)
Value:						
Residential	\$5,370	\$12,707	\$42,348	\$18,238	\$13,739	\$18,142
New Commercial	1,473	1,823	1,189	4,297	2,418	221
New Industrial	241	675	1,237	2,153	2,177	1,736
Other	781	4,644	3,682	524	2,137	212
Total Value	\$7,865	\$19,849	\$48,456	\$25,212	\$20,471	\$20,311
Number of New Dwelling Units:						
Single Family	93	232	1,085	272	261	371
Multi-Family	194	608	521	347	74	90
Total Units	287	840	1,606	619	335	461

Source: "California Construction Trends", Security Pacific Bank.

The City of Oceanside was termed California's fastest growing major city in 1975, by the State Department of Finance. The city experienced a population increase of 8.26 percent during the year. A tabulation of population growth since 1940 appears below.

CITY OF OCEANSIDE

Population Growth

Year	Population
1940	4,651 ^①
1950	12,881 ^①
1960	24,971 ^①
1970	40,494 ^①
1975	55,267 ^②
1976	59,000 ^②

① U.S. Bureau of the Census.

② State Department of Finance; Special Census April 1, 1975 and annual estimate January 1, 1976.

Municipal Government

Oceanside was incorporated as a general law city on July 3, 1888. The city operates under the Council-Manager form of government. It is governed by a five-member city council composed of four councilmen who are elected to overlapping four year terms at elections held every two years and a directly

elected mayor. The city manager is appointed by the City Council and manages all city operations.

The city provides police and fire protection, an airport, bus service, a library, water service and sewerage service.

Commercial Activity

Employment in retail trade and personal services in the city is unusually high, largely due to the proximity of Camp Pendleton. The number of outlets reporting taxable sales has increased 25 percent since 1970, and was in excess of 960 at July 1, 1975. Annual growth in taxable transactions for the past six years is shown below.

CITY OF OCEANSIDE

Taxable Sales

Year	Outlets July 1	Taxable Sales
1970	766	\$ 79,888,000
1971	779	86,221,000
1972	788	106,609,000
1973	858	121,093,000
1974	888	118,443,000
1975	961	130,447,000

Source: State Board of Equalization.

Building Activity

During the four years 1971-74 the annual value of building permits issued by the City of Oceanside exceeded \$35,000,000. After a decline in 1975, it appears that this level will be regained in 1976. A

total permit value of \$24,804,000 in the first two quarters of 1976 is over 1½ times greater than the same period of 1975. The following summary of permit activity by individual years shows the preponderance of residential construction in the city.

CITY OF OCEANSIDE

Building Permit Valuation (Thousands of Dollars)

	1971	1972	1973	1974	1975	1976 (6 mos.)
Value:						
Residential	\$23,669	\$56,727	\$45,312	\$42,925	\$20,363	\$19,736
New Commercial	3,554	5,311	4,415	1,397	1,178	3,226
All Other	9,712	3,831	8,780	4,295	3,529	1,842
Total	\$36,935	\$65,869	\$58,507	\$48,617	\$25,070	\$24,804
Number of New Housing Units:						
Single Family	1,130	985	1,113	776	436	539
Multi-Family	315	2,075	1,227	1,260	255	26
Total	1,445	3,060	2,340	2,036	691	565

Source: "California Construction Trends", Security Pacific Bank.

Recreation and Tourism

Oceanside is famous as a recreation and tourism center. Facilities along the 3½ mile white sand beach include a 1,900 foot municipal pier, the longest pleasure pier on the Pacific coast; a Community-Convention Center with 1,300 seat capacity for dining, convention and concert activities; Oceanside Beach Stadium, home of the Miss Southern California contest; and Oceanside Harbor, a pleasure marina operated by the Oceanside Small Craft Harbor District. The harbor has 805 slips and covers an area of some 100 acres. About 15 deep sea fishing boats operate out of the harbor. Other facilities include the Yacht Club, and the restaurants and shops in Cape Cod Village overlooking the harbor.

The City operates a municipal bus system. Twenty-five vehicles on the six lines serve Oceanside, Escondido, Vista, Carlsbad, and Camp Pendleton. Mini-buses are used during summer months to serve the harbor and beach areas.

City of Vista

The area comprising the present-day City of Vista was once a Spanish land grant known as Buena Vista Rancho. The city, located in an elongated valley east of Carlsbad, covers twelve square miles and lies at an elevation of 160 to 300 feet above sea level in a smog-free climate zone. The city's present population is approximately 29,000.

Pleasant semi-rural living conditions in the city have attracted light manufacturing firms in recent years. The largest industrial employer is Kraft Systems, Inc., a producer of radio communications equipment employing 400 persons. According to the 1975 special census, over 38 percent of all employed city residents work in Vista. The others are employed in the Oceanside-Carlsbad area (25%), Camp Pendleton (21%), and Escondido-San Marcos (15%).

Municipal Government

The City of Vista was incorporated January 28, 1963. Vista has the Council-Manager form of government, with an elected five-member city council, one of whom holds the title of Mayor. A city manager, appointed by the council, manages city departmental operations.

Public safety is a responsibility of the San Diego County Sheriff's Department. The Vista Fire Department, through a joint powers agreement, covers an area of 23 square miles. It is staffed by 35 professional firemen. The Vista Irrigation District supplies water throughout the community area.

Population and Housing

The April 1, 1975 special census disclosed a population of 28,302 in the city, nearly 15 percent greater than the 1970 Federal Census. The city was not incorporated in 1960, hence previous Census data are not available. At January 1, 1976, the State Department of Finance estimated a city population of 29,150.

Vista's stock of housing consists of approximately 7,000 single family homes, 1,000 condominiums, 1,500 apartments, and 1,500 mobile homes. As a result of the city's agricultural past, many homes are located on large parcels of land.

Commercial Activity

In 1975, a total of 627 sales outlets in the city reported taxable transactions exceeding \$58,000,000. Compared with 1971, this was an increase of over 25 percent in number of outlets and nearly 71 percent in dollar value of taxable sales. The steady growth in the city's commercial activity during this period is presented in the accompanying tabulation.

CITY OF VISTA

Taxable Sales

Year	Permits July 1	Taxable Transactions
1971	500	\$34,264,000
1972	545	41,393,000
1973	556	48,607,000
1974	581	52,977,000
1975	627	58,511,000

Source: State Board of Equalization.

Building Activity

Construction permit activity in Vista for the first two quarters of 1976 was very strong, amounting to \$10,502,000, or more than 117 percent of the total for all of 1975, and over 127 percent of the 1974 full year. A tabulation of annual permit values by type of construction is presented below.

CITY OF VISTA

Building Permit Valuation

(Thousands of Dollars)

	1971	1972	1973	1974	1975	1976 (6 mos.)
Value:						
Residential	\$ 8,007	\$13,577	\$15,210	\$7,074	\$6,606	\$ 8,526
New Commercial	1,112	2,513	3,317	815	721	1,252
All Other	5,585	1,801	1,361	334	1,665	724
Total	\$14,704	\$17,891	\$19,888	\$8,223	\$8,992	\$10,502
Number of New Housing Units:						
Single Family	212	262	301	126	158	121
Multi-Family	201	476	551	164	4	154
Total	413	738	852	290	162	275

Source: "California Construction Trends", Security Pacific Bank.

North San Diego County Court Center

Vista Center, located in an attractive hillside setting in the southwestern part of the city, contains county and municipal courts serving the northern part of San Diego County. Housed here are county offices, three Superior Courts, the County Sheriff's Department, and a maintenance garage. Adjacent to the courts building is a 4,400 square-foot library, part of the county library system. A total of 111 persons are now employed at the Center, including three daily shifts of the Sheriff's Department.

Under construction on adjoining acreage are additional facilities to house administrative offices, municipal court and superior court rooms, judges' chambers, a sheriff's substation and jail, and a branch automobile service center. The expanded Vista Center will cover 227,000 square feet and require 200-250 employees.

Metropolitan San Diego

Metropolitan San Diego (San Diego County), an important industrial, military, research and oceanographic center, has been one of the fastest growing areas of the United States. The Metropolitan Area extends 70 miles along the Pacific Coast from the Mexican Border to Orange County. It is bounded on the northeast by Riverside County and extends inland 75 miles to Imperial County. Encompassing 4,255 square miles, the county is approximately the size of the State of Connecticut. The San Diego

area is one of the oldest settled sections of the United States. The Bay of San Diego was discovered in 1542 by the Spanish explorer Cabrillo, and in 1769 Father Junipero Serra founded the Mission San Diego de Alcalá, the first in the chain of 21 California missions. Mission San Luis Rey, located in the District, was founded June 13, 1798, and is the 18th Franciscan Mission founded in Alta (Upper) California.

The topography of San Diego County varies from broad coastal plains to fertile inland valleys and mountain ranges to the east, rising to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. Climate is equable in the coastal and valley regions where most of the population and resources are located. Maximum daily temperatures along the coast average 70.8° and mean temperatures vary only 14° between the warmest and coldest months. Average annual rainfall in the coastal areas is approximately ten inches.

Employment

Total civilian employment in San Diego County was 559,700 in July 1976, a gain of 13,900 from the year-ago period. The unadjusted unemployment rate was 11.5% and the seasonally adjusted rate was 11.1%. Both were less than comparable 1975 rates. Government employees account for approximately 25 percent of all nonagricultural wage and

METROPOLITAN SAN DIEGO

Non-Agricultural Civilian Employment ('000's)

	Annual Averages				
	1971	1972	1973	1974	1975
Construction	23.6	26.7	28.6	23.1	20.3
Manufacturing (durables)	50.8	50.4	54.7	59.9	57.6
Manufacturing (nondurables)	12.7	13.9	14.6	15.6	14.5
Transportation, utilities	21.2	22.1	23.1	23.2	22.6
Trade (wholesale)	13.3	13.7	15.4	16.6	16.7
Trade (retail)	75.1	78.7	84.3	87.9	92.0
Finance, real estate	19.7	22.1	23.7	24.9	24.6
Services	79.0	84.3	91.4	95.9	97.0
Government (federal)	33.2	34.5	35.7	36.9	37.2
Government (state and local)	68.8	75.0	78.3	80.2	86.4
Other non-agricultural	.6	.5	.5	.5	.5
Total non-agricultural employment ...	398.0	421.9	450.3	464.7	469.4

Source: State Department of Employment Development.

salary workers, followed by trade, services, and manufacturing occupations. Overall employment totals in the San Diego area have steadily increased despite the reported unemployment figures. Largest numerical gains in payrolls between 1971 and 1975 were registered by services, state and local government, and retail trade, respectively. The preceding tabulation shows nonagricultural civilian employment year-to-year comparisons during this period.

The most important industries in the San Diego area, based on payrolls, are aircraft and parts, ship building and repair, communications equipment, office equipment, computers, printing and publishing, and food processing. There are more than 1,100 manufacturing firms in the San Diego Metropolitan Area.

Agriculture

San Diego County ranks among the top agricultural counties in the United States. Farm production now approximates \$290 million yearly, with animal products, vegetables, and fruits forming the bulk of gross farm output. Eggs, tomatoes, avocados, and milk are the most important individual farm products, accounting for over 56 percent of gross value in 1975 (the latest calendar year for which figures are available). Annual summaries of agricultural production in the county since 1972 are presented in the tabulation below.

Within the Tri-City Hospital District, the most important agricultural products are tomatoes, nursery stock, winter vegetables, avocados, citrus fruits, melons and berries.

SAN DIEGO COUNTY

Gross Value of Agricultural Production

Commodity	1972	1973	1974	1975
Field crops	\$ 1,126,200	\$ 3,084,800	\$ 2,727,350	\$ 3,702,300
Fruits and nuts	40,624,300	56,913,000	54,033,610	75,656,510
Vegetables	35,980,200	41,184,300	60,339,000	67,893,000
Nursery products	31,055,000	37,283,000	40,135,000	61,089,000
Livestock and poultry	14,327,000	10,274,000	9,686,000	10,953,000
Animal products	44,365,000	69,403,000	72,640,000	72,105,000
Apiary	33,000	1,200,000	300,000	836,000
Total	\$167,510,700	\$219,342,100	\$239,860,960	\$292,234,810

Source: County Department of Agriculture, Weights, and Measures.

SAN DIEGO COUNTY

Economic Indicators

(\$000 omitted)

Indicator	1971	1972	1973	1974	1975
Bank Debits	\$37,540,733	\$48,470,479	\$55,564,422	\$69,783,650	\$85,509,206
Taxable Sales	\$ 2,777,201	\$ 3,293,149	\$ 3,833,391	\$ 4,296,856	\$ 4,740,460
Value of Manufactured Products	\$ 1,710,000	\$ 1,822,000	\$ 2,165,000	\$ 2,446,000	\$ 2,940,800
Scheduled Airline Passengers ..	3,464,174	3,915,395	4,274,286	4,410,972	4,490,668
Electric Consumption (000 KWH)	6,436,712	7,001,214	7,489,360	7,347,300	7,801,589

Sources: State Board of Equalization and San Diego Chamber of Commerce.

APPENDIX I

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TRI-CITY HOSPITAL DISTRICT
FINANCIAL STATEMENTS
WITH REPORT ON EXAMINATION BY CERTIFIED PUBLIC ACCOUNTANTS
June 30, 1976

DIEHL, EVANS AND COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
2965 ROOSEVELT STREET
CARLSBAD, CALIFORNIA

TRI-CITY HOSPITAL DISTRICT

June 30, 1976

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DIEHL, EVANS AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

ELLIS C. DIEHL, C. P. A. 1925-1956

BRYN B. EVANS, C. P. A.

PHILIP H. HOLTKAMP, C. P. A.

WIN G. PETERS, C. P. A.

DONALD H. PETERSON, C. P. A.

DONALD E. CALLAHAN, C. P. A.

L. PETER SCHERER, C. P. A.

JOHN A. RAABERG, C. P. A.

2965 ROOSEVELT STREET

CARLSBAD, CALIFORNIA 92008

714 729-2343 714 744-4411

September 16, 1976

ACCOUNTANTS' REPORT

OTHER OFFICES AT:

1910 NORTH BUSH STREET

SANTA ANA, CALIFORNIA

714 542-4453

705 EAST MAIN STREET

SANTA MARIA, CALIFORNIA

805 925-2579

1054 GRAND AVENUE

ARROYO GRANDE, CALIFORNIA

805 489-5348

THE BOARD OF DIRECTORS
TRI-CITY HOSPITAL DISTRICT
OCEANSIDE, CALIFORNIA

We have examined the balance sheet - all funds of TRI-CITY HOSPITAL DISTRICT as of June 30, 1976 and 1975, and the related statements of revenue and expense - unrestricted funds, changes in fund balance - all funds and changes in financial position - unrestricted funds for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of the various funds of TRI-CITY HOSPITAL DISTRICT as of June 30, 1976 and 1975, and the results of their operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Our examination also included the accompanying supplementary information which in our opinion, when considered in relation to the basic financial statements, presents fairly in all material respects the information shown therein.

Diehl Evans and Company

TRI-CITY HOSPITAL DISTRICT
BALANCE SHEET - ALL FUNDS
June 30, 1976 and 1975

ASSETS	1976	1975	LIABILITIES, RESERVES AND FUND BALANCES	1976	1975
	<u>UNRESTRICTED FUNDS</u>				
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash	\$ 215,485	\$ 170,634	Accounts payable	\$ 523,667	\$ 265,770
Time Certificates of Deposit	1,042,000	1,100,000	Accrued compensation (Note 5)	485,401	404,525
Accounts receivable, less allowance for doubtful accounts of \$ 462,000 in 1976 and \$ 278,000 in 1975 (Note 1)	3,288,643	1,931,634	Accrued expenses (Note 4)	92,570	23,525
Inventories (Note 1)	546,070	449,392	Due to Medicare, Medi-Cal and Blue Cross programs (Note 2)	465,439	456,779
Prepaid expenses	49,404	31,911	Contractual obligations, contracts	-0-	20,452
Deposits	4,500	127,487	Blue Cross financing (Note 6)	57,000	50,400
Due from Medicare, Medi-Cal and Blue Cross programs (Notes 1 and 2)	28,483	268,546	Current portion of long-term debt (Note 7)	207,232	120,000
TOTAL CURRENT ASSETS	<u>5,174,585</u>	<u>4,079,604</u>	TOTAL CURRENT LIABILITIES	<u>1,831,309</u>	<u>1,341,451</u>
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation (Notes 1 and 3)	<u>10,300,646</u>	<u>9,506,998</u>	DEFERRED REVENUES (Note 1)	<u>463,500</u>	<u>424,500</u>
OTHER ASSETS:			LONG-TERM DEBT (Notes 1 and 7)	<u>3,836,069</u>	<u>3,505,000</u>
Advances, Hospital Services of San Diego	-0-	2,500	COMMITMENTS AND CONTINGENCIES (Notes 4, 9 and 10)	-	-
Deferred charge, pension plan (Note 8)	24,000	28,000	RESERVES AND FUND BALANCE:		
Cash with service agent (Note 4)	45,528	-0-	Reserve for self-insurance (Note 4)	45,528	-0-
TOTAL OTHER ASSETS	<u>69,528</u>	<u>30,500</u>	Fund balance, unappropriated	9,368,353	8,346,151
TOTAL ASSETS	<u>\$ 15,544,759</u>	<u>\$ 13,617,102</u>	TOTAL RESERVES AND FUND BALANCE	<u>9,413,881</u>	<u>8,346,151</u>
			TOTAL LIABILITIES, RESERVES AND FUND BALANCE	<u>\$ 15,544,759</u>	<u>\$ 13,617,102</u>
	<u>RESTRICTED FUNDS</u>				
BOND INTEREST AND REDEMPTION FUND:			BOND AND INTEREST AND REDEMPTION FUND:		
Cash with San Diego County Treasurer	\$ 228,397	\$ 230,652	Accrued interest payable	\$ 44,313	\$ 47,547
TOTAL BOND INTEREST AND REDEMPTION FUND	<u>\$ 228,397</u>	<u>\$ 230,652</u>	Fund balance	184,084	183,105
NURSES AND EMPLOYEES BENEFIT FUND:			TOTAL BOND INTEREST AND REDEMPTION FUND	<u>\$ 228,397</u>	<u>\$ 230,652</u>
Cash	\$ -0-	\$ 387	NURSES AND EMPLOYEES BENEFIT FUND:		
DOROTHY VAN VLIET SCHOLARSHIP FUND:			Fund balance	\$ -0-	\$ 387
Cash	\$ 4,691	\$ 4,047	DOROTHY VAN VLIET SCHOLARSHIP FUND:		
PHILANTHROPIC TRUST FUND:			Fund balance	\$ 4,691	\$ 4,047
Cash	\$ 35,184	\$ 31,982	PHILANTHROPIC TRUST FUND:		
Marketable securities (Note 1)	32,512	32,512	Fund Balance	\$ 67,696	\$ 64,494
TOTAL PHILANTHROPIC TRUST FUND	<u>\$ 67,696</u>	<u>\$ 64,494</u>	TOTAL PHILANTHROPIC TRUST FUND	<u>\$ 67,696</u>	<u>\$ 64,494</u>

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT

STATEMENT OF REVENUE AND EXPENSE - UNRESTRICTED FUNDS

For the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
OPERATING REVENUE (Schedule 1)	\$ 13,062,917	\$ 10,537,632
OPERATING EXPENSE (Schedule 2)	<u>13,044,101</u>	<u>10,035,492</u>
INCOME FROM OPERATIONS	<u>18,816</u>	<u>502,140</u>
NON-OPERATING REVENUE:		
Interest income	55,884	55,270
District property taxes, unrestricted	814,049	655,636
Gifts and donations, unrestricted	33,514	32,154
Miscellaneous income	<u>1,338</u>	<u>1,807</u>
Total Non-Operating Revenue	<u>904,785</u>	<u>744,867</u>
NON-OPERATING EXPENSE:		
Interest expense	16,273	10,352
Miscellaneous expense	<u>5,126</u>	<u>12,410</u>
Total Non-Operating Expense	<u>21,399</u>	<u>22,762</u>
EXCESS OF REVENUE OVER EXPENSE BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING METHOD	<u>902,202</u>	<u>1,224,245</u>
CUMULATIVE EFFECT OF A CHANGE IN THE METHOD OF ACCOUNTING FOR VACATION PAY (Note 5)	<u>-0-</u>	<u>148,195</u>
EXCESS OF REVENUE OVER EXPENSE	<u>\$ 902,202</u>	<u>\$ 1,076,050</u>

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT

STATEMENT OF CHANGES IN FUND BALANCE - ALL FUNDS

For the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
<u>UNRESTRICTED FUNDS</u>		
Balance at beginning of year	\$ 8,346,151	\$ 7,150,101
Excess of revenue over expense for the year	902,202	1,076,050
Transfer from bond interest and redemption fund to pay bonds	<u>120,000</u>	<u>120,000</u>
Balance at end of year	<u>\$ 9,368,353</u>	<u>\$ 8,346,151</u>
<u>RESTRICTED FUNDS</u>		
Bond Interest and Redemption Fund:		
Balance at beginning of year	\$ 183,105	\$ 182,845
Revenue from taxes and other sources received by the County of San Diego	301,523	310,450
Bond interest expense	(180,544)	(190,190)
Transfer to unrestricted funds to pay bonds	<u>(120,000)</u>	<u>(120,000)</u>
Balance at end of year	<u>\$ 184,084</u>	<u>\$ 183,105</u>
Nurses and Employees Benefit Fund:		
Balance at beginning of year	\$ 387	\$ 374
Donations received	-0-	13
Transfer to other fund	<u>(387)</u>	<u>-0-</u>
Balance at end of year	<u>\$ -0-</u>	<u>\$ 387</u>
Dorothy Van Vliet Scholarship Fund:		
Balance at beginning of year	\$ 4,047	\$ 3,870
Interest income	227	177
Transfer from other fund	387	-0-
Donations received	<u>30</u>	<u>-0-</u>
Balance at end of year	<u>\$ 4,691</u>	<u>\$ 4,047</u>
Philanthropic Trust Fund:		
Balance at beginning of year	\$ 64,494	\$ 61,449
Dividends and interest income	<u>3,202</u>	<u>3,045</u>
Balance at end of year	<u>\$ 67,696</u>	<u>\$ 64,494</u>

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT

STATEMENT OF CHANGES IN FINANCIAL POSITION - UNRESTRICTED FUNDS

For the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
WORKING CAPITAL PROVIDED BY:		
Operations:		
Excess of revenue over expense	\$ 902,202	\$ 1,076,050
Add items not affecting working capital:		
Depreciation	623,502	389,900
Increase in deferred revenues	<u>39,000</u>	<u>75,000</u>
Working Capital Provided by Operations	1,564,704	1,540,950
Increase in long-term debt	575,648	-0-
Transfer from restricted funds	120,000	120,000
Decrease in deferred charge, pension plan	4,000	4,000
Reduction in advances	<u>2,500</u>	<u>2,500</u>
WORKING CAPITAL PROVIDED	<u>2,266,852</u>	<u>1,667,450</u>
WORKING CAPITAL USED FOR:		
Acquisition of property, plant and equipment, net	1,417,150	714,072
Reduction of long-term debt	<u>244,579</u>	<u>120,000</u>
WORKING CAPITAL USED	<u>1,661,729</u>	<u>834,072</u>
INCREASE IN WORKING CAPITAL	<u>\$ 605,123</u>	<u>\$ 833,378</u>
CHANGES IN WORKING CAPITAL:		
Increase (Decrease) In Current Assets:		
Cash	\$ 44,851	\$ 28,585
Time Certificates of Deposit	(58,000)	950,000
Accounts receivable, net	1,357,009	162,807
Inventories	96,678	90,483
Prepaid expenses	17,493	16,008
Deposits	(122,987)	(123,745)
Due from Medicare, Medi-Cal and Blue Cross	<u>(240,063)</u>	<u>230,547</u>
Net Increase In Current Assets	<u>1,094,981</u>	<u>1,354,685</u>
Increase (Decrease) In Current Liabilities:		
Accounts payable	257,897	(2,902)
Accrued compensation	80,876	290,673
Accrued expenses	69,045	15,015
Due to Medicare, Medi-Cal and Blue Cross	8,660	188,779
Due to Philanthropic Trust Fund	-0-	(284)
Contractual obligations, contracts	(20,452)	6,026
Blue Cross financing	6,600	24,000
Current portion of long-term debt	<u>87,232</u>	<u>-0-</u>
Net Increase In Current Liabilities	<u>489,858</u>	<u>521,307</u>
INCREASE IN WORKING CAPITAL	<u>\$ 605,123</u>	<u>\$ 833,378</u>

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS

June 30, 1976

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- (a) The accompanying financial statements have been prepared on the accrual basis with income generally recorded when earned and expenses recorded when incurred.
- (b) The District has implemented the California Health Facilities Commission Chart of Accounts.
- (c) Certain patient accounts receivable are converted to extended payment plans by the use of non-interest bearing notes. The total amount of these accounts at June 30, 1976 amounted to \$ 202,531.
- (d) Inventories are valued at cost (first-in, first-out) or market, whichever is lower.
- (e) Property, plant and equipment is stated at cost and depreciation is computed using the straight-line method over estimated useful lives as follows:

Buildings	25 - 40 years
Land improvements	20 years
Fixed equipment	16 years
Major movable equipment	10 years

Minor movable equipment which consists of less expensive, short-lived items is not being depreciated as replacements are charged directly to expense.

- (f) Certain long-term lease transactions relating to the financing of property, plant and equipment are accounted for as installment purchases. Capitalized lease obligations reflect the future rental payments, net of interest charges stated in the contracts. A corresponding amount is capitalized as the cost of the assets and depreciated over the assets' estimated useful lives.

See accompanying accountants' report.

TRI-CITY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 1976

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- (g) The District uses an accelerated depreciation method for cost reports filed with Federal Medicare and State of California Medi-Cal programs. Timing differences in the reporting of depreciation expense between cost reports and financial statements have resulted in deferred Medicare and Medi-Cal revenues of approximately \$ 463,500 at June 30, 1976.
- (h) Differences between charges and amounts reimbursed by the Medicare and Medi-Cal programs are recorded as contractual allowances. Adjustments to reimbursement amounts are recorded in the period the adjustment is made.
- (i) Vested vacation and sick pay benefits are accrued and charged to expense as the liability is incurred.

2. MEDICARE AND MEDI-CAL PROGRAMS:

The District is a participant in the Federal Medicare and State of California Medi-Cal programs. Under these programs billings submitted for payment are subject to final adjustment based on allowable costs. Estimated amounts due to and from these programs have been accrued through June 30, 1976 based on the cost reports filed with the programs. Reductions to previously claimed cost reimbursements amounted to \$ 257,384 during the current year and are included in contractual allowances.

3. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following:

	1976	1975
Land and land improvements	\$ 448,618	\$ 441,263
Buildings	8,144,203	8,042,024
Fixed equipment	784,723	784,723
Major movable equipment	2,769,280	1,845,977
Minor movable equipment	108,775	108,775
Construction in progress	684,983	488,976
Total	12,940,582	11,711,738
Less accumulated depreciation	(2,639,936)	(2,204,740)
Net property, plant and equipment	<u>\$ 10,300,646</u>	<u>\$ 9,506,998</u>

See accompanying accountants' report.

TRI-CITY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 1976

4. SELF-INSURANCE PROGRAMS:

Beginning March 1 and April 1, 1976 respectively, the District initiated programs to self-insure liability to District employees pursuant to the Worker's Compensation Laws of the State of California and group health/medical benefits. The District has entered into contracts with a service agent who will supervise and administer the programs and will act as the representative of the District in any claim hearings or litigation.

Cash reserves for open claims under these programs are \$ 45,528 at June 30, 1976. An additional \$ 31,850 which has not yet been transferred to the trust bank account has been included as an accrued expense. Reinsurance coverage has been obtained for both programs for excess claims over \$ 50,000 and \$ 5,000 respectively.

5. CHANGE IN ACCOUNTING METHOD:

Effective for the year ended June 30, 1975 the District changed its method of accounting for vacation pay. Previously this item was expensed when paid but under the new method these costs are charged to expense when incurred. The cumulative effect of the change on the years prior to 1975 was \$ 148,195.

The proforma excess of revenue over expense for the year ended June 30, 1975 assuming that the charge was applied retroactively was \$ 1,224,245.

Vacation pay benefits payable for the years ended June 30, 1976 and 1975 are \$ 260,021 and \$ 192,249 respectively and are included as accrued compensation.

6. BLUE CROSS FINANCING:

The Blue Cross financing is a non-interest bearing advance from Blue Cross of Southern California and represents advance payments received on Blue Cross accounts receivable. The amount of the advance is based upon the District's average monthly volume of Blue Cross claims and is recalculated every six months.

See accompanying accountants' report.

TRI-CITY HOSPITAL DISTRICT

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1976

7. LONG-TERM DEBT:

Long-term debt consists of the following:

	<u>1976</u>		<u>1975</u>	
	<u>CURRENT</u>	<u>LONG-TERM</u>	<u>CURRENT</u>	<u>LONG-TERM</u>
1958 construction bonds	\$ 50,000	\$ 100,000	\$ 45,000	\$ 150,000
1967 construction bonds	80,000	3,275,000	75,000	3,355,000
Capitalized lease obligations	68,251	442,243	-	-
Equipment contracts	<u>8,981</u>	<u>18,826</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 207,232</u>	<u>\$ 3,836,069</u>	<u>\$ 120,000</u>	<u>\$ 3,505,000</u>

The 1958 construction bonds are 4 1/2% general obligation bonds and mature \$ 50,000 annually through 1978.

The 1967 construction bonds are general obligation bonds and mature annually at varying amounts through 1998 at interest rates varying from 4 1/2% to 6%.

Capitalized lease obligations are for the purchase of x-ray, electronic data processing and patient monitoring equipment. The contracts are payable \$ 2,687 monthly, \$ 13,240 quarterly and \$ 4,567 quarterly including interest at 7%, 7 1/2% and 7 1/2% respectively. The District is also responsible for all insurance, taxes and maintenance.

The equipment contract is for the purchase of photocopy equipment and is payable \$ 449 monthly including discount interest.

8. PENSION PLAN:

The District has a pension plan which covers substantially all eligible employees. The plan calls for the employee and the District to contribute a percentage of the employee's gross wages to a pension trust. Past service costs are being amortized over a ten-year period. Upon retirement, the accumulated funds allocated to the employee will be used for retirement benefits. The charge to pension expense was \$ 114,098 for 1976 and \$ 60,423 for 1975. A determination letter, from the Internal Revenue Service, approving the plan has not been received as of the date of this report.

See accompanying accountants' report.

TRI-CITY HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

June 30, 1976

9. CAPITAL IMPROVEMENT COMMITMENTS:

A construction plan has been adopted by the Board of Directors to implement a 60 bed expansion which has been approved by the applicable regulatory agencies. The project is underway and is estimated to be completed by the Fall of 1978 at a total cost of approximately \$ 8,500,000.

On August 26, 1976 the District entered into a contract to purchase a Tomoscan total body x-ray scanner system at a cost of approximately \$ 604,000. The method of financing has not yet been finally determined, but it is anticipated that a lease-purchase arrangement will be used.

10. LEASE COMMITMENTS:

The District has non-capitalized lease commitments for certain equipment. Total rental payments on the leases were \$ 108,272 for the year ended June 30, 1976. Future commitments for leases in effect are \$ 68,428 in 1977, \$ 49,495 in 1978 and \$ 13,013 in 1979. All leases require payment of taxes, insurance and maintenance and include purchase options.

See accompanying accountants' report.

SUPPLEMENTARY INFORMATION

TRI-CITY HOSPITAL DISTRICT

SCHEDULE OF OPERATING REVENUE - UNRESTRICTED FUNDS

For the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
PATIENT SERVICE REVENUE:		
Daily hospital services	\$ 5,944,804	\$ 4,733,812
Ancillary services:		
Laboratory	1,718,209	1,218,833
Pharmacy	1,046,741	948,117
Central service	488,768	483,371
Operating room	1,337,624	1,093,394
Radiology	994,515	676,672
Cardio-Pulmonary	930,809	615,654
Emergency room	1,299,445	660,306
Physical therapy	165,007	164,870
Anesthesiology	210,563	178,632
Nuclear medicine	259,248	190,886
Delivery room	147,020	69,249
Total Patient Service Revenue	<u>14,542,753</u>	<u>11,033,796</u>
ALLOWANCES AND UNCOLLECTIBLE ACCOUNTS:		
Provision for uncollectible accounts, net of recoveries	398,256	286,884
Charity allowances	95,715	21,351
Contractual allowances (includes pro- vision for estimated adjustments, Medicare, Medi-Cal, etc.) (Notes 1 and 2)	1,171,831	274,634
Provision for deferred Medicare, Medi- Cal revenue	39,000	75,000
Miscellaneous	6,311	8,624
Total Allowances and Uncollectible Accounts	<u>(1,711,113)</u>	<u>(666,493)</u>
Net Patient Service Revenue	<u>12,831,640</u>	<u>10,367,303</u>
OTHER OPERATING REVENUE:		
Cafeteria sales	164,532	142,294
Telephone	3,896	5,479
Photocopy machine	1,372	1,015
Discounts earned	26,623	21,541
Billing service fees	34,854	-0-
Total Other Operating Revenue	<u>231,277</u>	<u>170,329</u>
TOTAL OPERATING REVENUE	<u>\$ 13,062,917</u>	<u>\$ 10,537,632</u>

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT

SCHEDULE OF OPERATING EXPENSE - UNRESTRICTED FUNDS

For the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
DAILY HOSPITAL SERVICES:		
Salaries and wages	\$ 2,242,370	\$ 1,820,064
Supplies and expense	195,701	178,556
Equipment rental	26,194	13,539
Totals	<u>2,464,265</u>	<u>2,012,159</u>
LABORATORY:		
Salaries and wages	521,819	434,617
Medical fees	102,923	23,812
Supplies and expense	333,771	238,829
Equipment rental	27,399	34,153
Totals	<u>985,912</u>	<u>731,411</u>
PHARMACY:		
Salaries and wages	114,503	93,587
Supplies and expense	8,824	5,527
Cost of materials sold	320,302	286,463
Totals	<u>443,629</u>	<u>385,577</u>
CENTRAL SERVICE:		
Salaries and wages	90,139	82,283
Supplies and expense	41,283	33,352
Cost of materials sold	198,138	190,563
Totals	<u>329,560</u>	<u>306,198</u>
OPERATING ROOM:		
Salaries and wages	380,700	318,404
Supplies and expense	502,562	369,661
Totals	<u>883,262</u>	<u>688,065</u>
RADIOLOGY:		
Salaries and wages	241,199	192,319
Supplies and expense	175,648	148,794
Equipment rental	53,709	58,641
Totals	<u>470,556</u>	<u>399,754</u>
CARDIO-PULMONARY:		
Salaries and wages	257,102	169,068
Supplies and expense	197,263	92,639
Medical fees	46,132	6,564
Totals	<u>500,497</u>	<u>268,271</u>
TOTALS - (Forward)	\$ 6,077,681	\$ 4,791,435

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT

SCHEDULE OF OPERATING EXPENSE - UNRESTRICTED FUNDS
(Continued)

For the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
TOTALS - (Forward)	<u>\$ 6,077,681</u>	<u>\$ 4,791,435</u>
EMERGENCY ROOM:		
Salaries and wages	239,339	133,642
Medical fees	516,717	299,589
Supplies and expense	<u>106,106</u>	<u>34,421</u>
Totals	<u>862,162</u>	<u>467,652</u>
PHYSICAL THERAPY:		
Salaries and wages	66,757	73,547
Supplies and expense	<u>2,791</u>	<u>3,024</u>
Totals	<u>69,548</u>	<u>76,571</u>
ANESTHESIOLOGY:		
Supplies and expense	<u>33,642</u>	<u>44,693</u>
Totals	<u>33,642</u>	<u>44,693</u>
NUCLEAR MEDICINE:		
Salaries and wages	57,038	42,466
Medical fees	78,760	57,991
Supplies and expense	43,629	43,140
Equipment rental	<u>2,457</u>	<u>9,487</u>
Totals	<u>181,884</u>	<u>153,084</u>
DELIVERY ROOM:		
Salaries and wages	58,853	33,040
Supplies and expense	<u>49,674</u>	<u>36,406</u>
Totals	<u>108,527</u>	<u>69,446</u>
DIETARY:		
Salaries and wages	359,155	312,688
Supplies and expense	54,495	31,934
Cost of food sold	<u>298,374</u>	<u>291,462</u>
Totals	<u>712,024</u>	<u>636,084</u>
TOTALS - (Forward)	<u>\$ 8,045,468</u>	<u>\$ 6,238,965</u>

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT

SCHEDULE OF OPERATING EXPENSE - UNRESTRICTED FUNDS
(Continued)

For the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
TOTALS - (Forward)	<u>\$ 8,045,468</u>	<u>\$ 6,238,965</u>
HOUSEKEEPING:		
Salaries and wages	313,343	263,183
Supplies and expense	<u>83,352</u>	<u>88,560</u>
Totals	<u>396,695</u>	<u>351,743</u>
NURSING ADMINISTRATION:		
Salaries and wages	333,629	258,826
Supplies and expense	<u>20,279</u>	<u>26,582</u>
Totals	<u>353,908</u>	<u>285,408</u>
OPERATION OF PLANT:		
Salaries and wages	67,345	71,905
Supplies and expense	14,068	30,325
Utilities	<u>179,413</u>	<u>130,751</u>
Totals	<u>260,826</u>	<u>232,981</u>
LAUNDRY AND LINEN:		
Salaries and wages	32,321	26,833
Supplies and expense	61,928	31,288
Outside laundry services	<u>165,793</u>	<u>135,867</u>
Totals	<u>260,042</u>	<u>193,988</u>
MAINTENANCE OF PLANT:		
Salaries and wages	125,791	95,271
Supplies and expense	2,381	6,023
Outside maintenance, equipment and buildings	69,813	54,250
Equipment rental	<u>1,178</u>	<u>2,424</u>
Totals	<u>199,163</u>	<u>157,968</u>
MEDICAL RECORDS:		
Salaries and wages	161,363	141,240
Supplies and expense	<u>18,683</u>	<u>16,322</u>
Totals	<u>180,046</u>	<u>157,562</u>
TOTALS - (Forward)	<u>\$ 9,696,148</u>	<u>\$ 7,618,615</u>

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT

SCHEDULE OF OPERATING EXPENSE - UNRESTRICTED FUNDS
(Continued)

For the years ended June 30, 1976 and 1975

	<u>1976</u>	<u>1975</u>
TOTALS - (Forward)	<u>\$ 9,696,148</u>	<u>\$ 7,618,615</u>
MAINTENANCE OF GROUNDS:		
Salaries and wages	32,933	24,095
Supplies and expense	<u>1,280</u>	<u>2,526</u>
Totals	<u>34,213</u>	<u>26,621</u>
SOCIAL SERVICES:		
Salaries and wages	30,915	13,846
Supplies and expense	<u>886</u>	<u>3,404</u>
Totals	<u>31,801</u>	<u>17,250</u>
ADMINISTRATION AND GENERAL:		
Salaries and wages	877,822	679,909
Employee benefits, payroll and insurance	912,790	641,860
Supplies and expense	187,642	152,302
Insurance	334,325	198,444
Computer service fees	110,339	100,166
Telephone and utilities	77,614	69,509
Equipment rental	33,010	39,824
Legal fees	28,372	24,753
Promotion and public relations	4,544	17,542
Dues and subscriptions	24,294	18,029
Taxes and licenses	11,160	9,406
Accounting and auditing	18,825	11,595
Travel	16,165	7,878
Collection fees	<u>21,535</u>	<u>11,889</u>
Totals	<u>2,658,437</u>	<u>1,983,106</u>
PROVISION FOR DEPRECIATION	<u>623,502</u>	<u>389,900</u>
TOTAL OPERATING EXPENSE	<u>\$ 13,044,101</u>	<u>\$ 10,035,492</u>

See accompanying accountants' report and notes to financial statements.

TRI-CITY HOSPITAL DISTRICT

COMMENTS

HISTORY AND ORGANIZATION

Tri-City Hospital District was formed on December 10, 1957, under the provisions of the California Health and Safety Code to provide hospital services to residents of Northwestern San Diego County. The District includes the cities of Carlsbad, Oceanside, and Vista, California, and the immediate area with certain exclusions. Since July, 1961, the District has operated Tri-City Hospital, a modern, well-equipped hospital located in Oceanside, California. There are presently 171 licensed and 11 emergency holding area beds available for patients.

ACCOUNTS AND RECORDS

The accounting records maintained were suitable and well kept, reflecting reasonably adequate internal control. Comprehensive monthly financial statements and information are prepared and presented to the Board of Directors.

We found the minutes of the Board of Directors in excellent condition.

OPERATIONS AND BUDGET

The operating budget is a flexible budget varying with the occupancy of the Hospital. The budget for the year under review, which was approved by the Board of Directors, was based on an estimated occupancy of 92% of capacity. Average occupancy for the fiscal year 1975-76 was 92%. Differences between budget and actual were primarily due to adjustments of prior year Medicare and Medical cost reports in the amount of \$ 257,384 and the write-off of \$ 164,447 in architect fees on terminated projects. A summary of the general fund budgeted revenue and expense and the actual revenue and expense for the year ended June 30, 1976 is shown below:

	<u>BUDGET</u>	<u>DIFFERENCE</u>	<u>ACTUAL</u>
Operating revenue	\$ 12,695,192	\$ 367,725	\$ 13,062,917
Operating expense	<u>12,036,650</u>	<u>1,007,451</u>	<u>13,044,101</u>
Income from operations	658,542	(639,726)	18,816
Other revenue - net (primarily taxes, interest and donations)	<u>764,186</u>	<u>119,200</u>	<u>883,386</u>
Excess of revenue over expense	<u>\$ 1,422,728</u>	<u>\$ (520,526)</u>	<u>\$ 902,202</u>

See accompanying accountants' report.

INSURANCE AND SURETY BOND COVERAGE

1976: The District had the following insurance coverage at June 30 ,

Hospital malpractice liability - primary	\$ 100,000
Hospital malpractice liability - excess	19,900,000
	excess of
	100,000
Directors and officers liability	5,000,000
Fire insurance - buildings, including	
extended coverage, vandalism, malicious	
mischieff and sonic boom, etc.	10,529,560
Impairment of services - business interruption	300,000
Business income extra expense	300,000
Comprehensive liability - all business	
including \$ 5,000 medical payments,	
owned automobiles, etc. limit of	
liability	5,000,000
Boiler and related vessels:	
Direct damage - with \$ 1,000 deductible	5,000,000
Business interruption	2,200,000
Hospital equipment and supplies - all risks	3,179,157
Employee dishonesty	300,000
Valuable records endorsement	100,000
Leased equipment - all risks	1,056,120
Workmen's Compensation - excess coverage	2,000,000
	excess of
	50,000
Health Funding - excess coverage:	
Aggregate	120% of
	premiums
Specific	95,000
	excess of
	5,000
Other:	
Portable intercom units and base station equipment	16,000
Depositors forgery coverage	100,000
Audio-visual equipment - all risks	2,000
Loss inside/outside premises	4,000
Liability for patient's property -	
\$ 25 deductible, \$ 1,000 per patient	25,000
Pension plan bond	40,000

The District also has self-insured Workmen's Compensation Insurance and group medical reimbursement plans for District employees. The District also provides accident and health insurance for Tri-City Hospital Auxiliary members. In addition, group life insurance is provided for all eligible employees.

See accompanying accountants' report.

CASH

Unrestricted cash balances at June 30, 1976, were as follows:

On deposit:

Maintenance and operation fund	\$ 187,491
General revolving fund	21,658
Payroll fund	3,607
Patient refund fund	1,361
Master charge fund	193

On hand:

Change funds	675
Petty cash funds	<u>500</u>

Total	<u>\$ 215,485</u>
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The cash on deposit was verified by direct correspondence with the depositaries and by reconciliation of the amounts confirmed to the amounts as shown by the records of the District. Cash on hand was verified by confirmation with custodians.

TIME CERTIFICATES OF DEPOSIT

The Time Certificates of Deposit at June 30, 1976 were confirmed by the depositary banks and are presented below:

<u>DEPOSITARY BANK</u>	<u>PURCHASE SETTLEMENT DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>FACE AMOUNT</u>
Southwest Bank	6-11-76	7- 1-76	5.38%	\$ 67,000
Southwest Bank	6-30-76	7- 6-76	5.25%	100,000
Southwest Bank	6-24-76	7- 8-76	5.25%	300,000
Southwest Bank	6-11-76	7-12-76	5.63%	150,000
Southwest Bank	10- 1-75	10- 1-76	6.00%	25,000
Crocker National Bank	6-25-76	7-26-76	5.38%	100,000
Security Pacific National Bank	6- 1-76	7- 1-76	5.25%	<u>300,000</u>
Total				<u>\$ 1,042,000</u>

We confirmed directly with the agents of all depositary banks that they held securities in a pool having a market value of at least 10% in excess of all deposits reported by the banks.

See accompanying accountants' report.

ACCOUNTS RECEIVABLE

The accounts receivable balances at June 30, 1976 were as follows:

Accounts receivable, patients	\$ 3,733,367
Accounts receivable, other	<u>17,276</u>
Total	3,750,643
Less allowance for doubtful accounts	<u>(462,000)</u>
Net accounts receivable	<u>\$ 3,288,643</u>

Requests for confirmation of accounts receivable were mailed to 134 patient debtors or approximately 10% of the total receivable amount. Differences or conditional replies were received from 10 debtors owing \$ 8,774, and differences were investigated and explained to our satisfaction. Alternative procedures were used to satisfy ourselves in cases where confirmation replies were not received.

Changes in the allowance for doubtful accounts during the fiscal year under review were as follows:

Balance, July 1, 1975	\$ 278,000
Add: Provision charged to expense	\$ 469,323
Less: Accounts charged off - net	<u>285,323</u> <u>184,000</u>
Balance, June 30, 1976	<u>\$ 462,000</u>

Substantially all accounts receivable considered uncollectible have been charged off or provided for in the books. The allowance for doubtful accounts was reviewed with responsible District personnel and the balance of \$ 462,000 appears adequate to absorb any accounts which may later prove to be uncollectible.

The District has implemented a Hill-Burton regulation compliance program. The regulation requires that a hospital constructed with funds provided by the Hill-Burton Health Facility Construction Program provide a reasonable amount of uncompensated care to those patients who qualify. A patient screening procedure was put into effect by the District to provide this care to patients who present a real need, at a level of no less than ten percent per year of the amount of funds received under this program. Accounts receivable of \$ 95,715 were forgiven during the year ended June 30, 1976 in compliance with this program and are shown in the financial statements as charity allowances.

See accompanying accountants' report.

INVENTORIES

Inventories of supplies, food, medicine, etc., at June 30, 1976 were as follows:

Storeroom	\$ 180,483
Surgery	118,764
Pharmacy	68,068
Central Supply	56,609
Pathology	35,989
Radiology	23,473
Cardio-Pulmonary	16,375
Dietary	15,867
Heart Catherization	17,441
Emergency Room	7,474
Obstetrics	<u>5,527</u>
Total	<u>\$ 546,070</u>

We observed the taking of the physical inventories at the end of the fiscal year and tested the count, valuation and arithmetical accuracy of the inventories.

DUE TO MEDICARE, MEDI-CAL PROGRAMS

The District is a participant in the Federal Medicare Program and the State of California Medi-Cal Assistance Program. Under these programs, billings submitted for payment are subject to final adjustment based on allowable costs. During the year under review, a final determination was made for the years ended June 30, 1973, 1974 and 1975 on the cost reports filed with the intermediary agency for Medicare and Medi-Cal.

The current year's cost reports have been completed. Estimated amounts due to and from the above programs have been accrued through June 30, 1976 and are reflected in the financial statements as follows:

Due from:	
Medi-Cal, 1975	<u>\$ 28,483</u>
Due to:	
Medicare, 1975	\$ 170,439
Medi-Cal, 1976	24,000
Medicare, 1976	<u>271,000</u>
Total	<u>\$ 465,439</u>

See accompanying accountants' report.

PROPERTY, PLANT AND EQUIPMENT

Changes during the year under review to the property, plant and equipment accounts are summarized as follows:

<u>ACCOUNT</u>	<u>BALANCE</u> <u>7-1-75</u>	<u>ADDITIONS</u> <u>OR</u> <u>TRANSFERS</u>	<u>RETIREMENTS</u> <u>OR</u> <u>TRANSFERS</u>	<u>BALANCE</u> <u>6-30-76</u>
Land and land improvements	\$ 441,263	\$ 7,355		\$ 448,618
Buildings	8,042,024	102,180		8,144,204
Fixed equipment	784,723			784,723
Major movable equipment	1,845,977	953,023	29,720	2,769,280
Minor movable equipment	108,775			108,775
Construction in progress	<u>488,976</u>	<u>372,166</u>	<u>176,160</u>	<u>684,982</u>
Totals	<u>\$ 11,711,738</u>	<u>\$ 1,434,724</u>	<u>\$ 205,880</u>	12,940,582
Less accumulated depreciation				<u>(2,639,936)</u>
Net Property, Plant and Equipment				<u>\$ 10,300,646</u>

BONDS PAYABLE - LEGAL DEBT MARGIN

The legal debt margin, assessed valuations and corresponding tax rates of the District for the fiscal year ended June 30, 1976 were as follows:

Assessed valuation, 1975-76, less all exemptions		<u>\$ 382,963,474</u>
Debt limit, 10% of assessed valuation		\$ 38,296,347
Amount of debt applicable to debt limit:		
1967 construction bonds	\$ 3,355,000	
1958 construction bonds	<u>150,000</u>	
Total bonded debt		<u>3,505,000</u>
Legal debt margin		<u>\$ 34,791,347</u>

TAX RATES

	<u>ASSESSED</u> <u>VALUE</u>	<u>GENERAL</u> <u>FUND</u>	<u>BOND</u> <u>FUND</u>
Secured property	\$ 399,636,770	.200	.072
Unsecured property	<u>22,506,098</u>	.200	.072
Total	422,142,868		
Less special exemptions	<u>(39,179,394)</u>		
Total	<u>\$ 382,963,474</u>		

See accompanying accountants' report.

BONDS PAYABLE - CONSTRUCTION (1958)

Bonds in the principal amount of \$ 45,000 matured during the year under review and were retired by use of monies transferred from the bond interest and redemption fund. The bond issue was approved by District voters on August 19, 1958, in the amount of \$ 690,000. The outstanding bonds are due and payable as follows:

<u>MATURING ON</u> <u>OCTOBER 1 OF</u>	<u>RATE OF</u> <u>INTEREST</u>	<u>AMOUNT DUE</u> <u>EACH YEAR</u>	<u>TOTAL</u>
1976 - 1978	4 1/2%	\$ 50,000	\$ 150,000
Total Outstanding			<u>\$ 150,000</u>

BONDS PAYABLE - CONSTRUCTION (1967)

Bonds in the principal amount of \$ 75,000 matured during the year under review and were retired by use of monies transferred from the bond interest and redemption fund. The bond issue was approved by District voters on February 14, 1967 in the amount of \$ 3,827,000. As of June 30, 1976, \$ 2,000 of the approved bond issue was not issued. The outstanding bonds are due and payable as follows:

<u>MATURING ON</u> <u>OCTOBER 1 OF</u>	<u>RATE OF</u> <u>INTEREST</u>	<u>AMOUNT DUE</u> <u>EACH YEAR</u>	<u>TOTAL</u>
1976	6.00%	\$ 80,000	\$ 80,000
1977	6.00%	85,000	85,000
1978	6.00%	90,000	90,000
1979	6.00%	95,000	95,000
1980	4.90%	100,000	100,000
1981	4.75%	105,000	105,000
1982	4.80%	110,000	110,000
1983	4.90%	115,000	115,000
1984	4.90%	120,000	120,000
1985	4.90%	125,000	125,000
1986	5.00%	130,000	130,000
1987	5.00%	140,000	140,000
1988	5.00%	145,000	145,000
1989	5.00%	150,000	150,000
1990	5.00%	160,000	160,000
1991	5.10%	170,000	170,000
1992	5.10%	175,000	175,000
1993	5.10%	185,000	185,000
1994	5.10%	195,000	195,000
1995	5.10%	205,000	205,000
1996	5.10%	215,000	215,000
1997	5.10%	225,000	225,000
1998	4.50%	235,000	235,000
Total Outstanding			<u>\$ 3,355,000</u>

See accompanying accountants' report.

DOROTHY VAN VLIET SCHOLARSHIP FUND

The use of this fund is restricted to the purpose of providing financial assistance for the furtherance of nurses' education in accordance with the specific directions of the will of Dorothy Van Vliet.

PHILANTHROPIC TRUST FUND

This fund is available for charitable purposes as defined by the Board of Directors in their resolution establishing the trust fund, and in accordance with the specific directions of Margaret M. Wood.

See accompanying accountants' report.

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